FBIS DAILY REPORT CONTENTS

China

Vol I No 143 25 July 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

Trade Policies of Developed Countries 'Unfair' [BAN YUE TAN 10 Jul] A 1
OAU Denounces Reagan Speech on South Africa A 2
Quality Controlled Launches To Be Ensured A 2
India, U.S. Strengthen Scientific, Economic Ties A 3

UNITED STATES

Commentary on U.S. 'Flexible Response' Strategy B 1

NORTHEAST ASIA

XINHUA Examines Japanese Political Scene D 1
PRC, DPRK To Build Yalu River Power Station D 2
NPC's Chu Tunan Meets Japanese Delegation D 2

SOUTHEAST ASIA & PACIFIC

CGDK Declares SRV-Heng Samrin Accord Illegal E 1
Official on Hong Kong's Future Political System [LIAOWANG OVERSEAS EDITION 14 Jul] E 1
Roundup of Thai General Election Campaign E 2

EASTERN EUROPE

Vice Minister Comments on Tour to Hungary, Yugoslavia [ZHONGGUO QINGNIAN BAO 15 Jul] H 1

MIDDLE EAST & AFRICA

Zhao Ziyang in Tunisia on Final Leg of Trip I 1
    Decorated, Feted by President I 1
    XINHUA Report on Activities I 2
Analysis of Likely Gulf War Escalation I 4
Israel's Peres Holds Talks With Moroccan King I 5
XINHUA Interviews OAU President Abdou Diouf I 5

WESTERN HEMISPHERE

Canada To Study Hydroelectric Project in PRC J 1
PRC, Canada To Launch Joint Economic Weekly J 1
Guyana's Prime Minister Meets PRC Guests J 1
Argentine Military Delegation Feted in Beijing J 2

Embezzlement of U.S. Aid to Nicaraguan Rebels Noted [RENMIN RIBAO 18 Jul] J 2
Huang Hua Attends Cuban Ballet Performance J 3
Chu Tunan Meets Salvadoran Front Leaders J 3
Envoy to Nicaragua Presents Credentials J 3

PRC NATIONAL AFFAIRS

BAN YUE TAN on Safe, Cheap Nuclear Power [10 Jul] K 1
New Fighter Aircraft Testing System Developed K 2
LIAOWANG Views Defense Strategy Seminar [LIAOWANG OVERSEAS EDITION 21 Jul] K 3
Yu Qiuli Hears Briefings on Party Style K 8
PLA Launches 3-Year Legal Education Program K 9
Wu Xiuquan at Liaoning Military Museum Ceremony [LIAONING RIBAO 12 Jul] K 9
Discipline Commission Holds Guiyang Meeting K 10
GONGREN RIBAO Views Socialism, Humanism [18 Jul] K 11
CHINA DAILY Columnist Advocates Newspaper Debates [24 Jul] K 13
Official Survey Urges Speedier Economic Reform [CHINA DAILY 24 Jul] K 15
Article Views Economic Responsibility System [GUANGMING RIBAO 12 Jul] K 16
RENMIN RIBAO on Ensuring State Tax Revenue [18 Jul] K 17
RENMIN RIBAO on Enhancing Enterprise Quality [18 Jul] K 18
State Council Regulations on Accountants K 19
Li Peng To Chair University, Middle School Games K 19
JINGJI RIBAO on Handling Insolvent Enterprises [19 Jul] K 20
Raising Funds Through Public Offerings Encouraged [LIAOWANG OVERSEAS EDITION 14 Jul] K 22
RENMIN RIBAO on Formulating Industrial Policy [18 Jul] K 25
GUANGMING RIBAO Urges Enacting Administrative Law [11 Jul] K 28

PRC REGIONAL AFFAIRS

EAST REGION

Anhui Leader on Training Qualified Personnel [ANHUI RIBAO 10 Jul] O 1
'Credit Cooperatives' Established in Jiangsu O 1
Jiangxi's Wan Shaofen on Handling Letters, Visits O 2

CENTRAL-SOUTH REGION

Guangdong's Lin Ruo Stresses Saving Rice Crop P 1
Guangdong Paper Urges Support for Peasant Entrepreneurs P 1
Henan Leader Calls for Vigorous Efforts in Reform P 2
Henan Rewards Scientific, Technological Progress P 3

NORTHEAST REGION

Heilongjiang Secretary Issues Certificates to Soldiers S 1
Sun Weiben at Heilongjiang at Electric Plant Rally S 1
Heilongjiang Secretary Attends Army Day Soiree S 2
Jilin Mayors Discuss Economic Situation S 2
LIAONING RIBAO on Promoting Production With Reform [7 Jul] S 3

NORTHWEST REGION

Gansu Radio Urges Curbing Purchase Malpractices T 1
Gansu Radio Urges Respecting Democratic Rights T 1
Qinghai Awards Philosophy, Social Science Prizes T 2
Yin Kesheng at Qinghai Party School Graduation T 2
Qinghai Concludes Employment Work Conference T 3

HONG KONG MEDIA ON CHINA

More on NEW YORK TIMES Reporter's Expulsion W 1
    Foreign Ministry Spokesman on Case [TA KUNG PAO 24 Jul] W 1
    Burns Case Handled Correctly [HSIN WAN PAO 23 Jul] W 3
WEN WEI PO on PRC Political Structural Reforms [22 Jul] W 4
Paper Reports Hu Yaobang's Son Given New Post [HSIN WAN PAO 24 Jul] W 7
PLA Biographies Include Lin Biao, Other Rebels [HSIN WAN PAO 22 Jul] W 7

TRADE POLICIES OF DEVELOPED COUNTRIES 'UNFAIR'

HK240815 Beijing BAN YUE TAN in Chinese No 13, 10 Jul 86 pp 58-60

[Article by Li Changjiu: "Unfair Trade Policies"]

[Excerpts] Over the past few years, an abnormal phenomenon has appeared in world economic and trade relations. This is to say that with the world economy growing, the prices of raw materials and energy have not correspondingly picked up but have fallen drastically. One reason for the appearance of such a situation is that industrially-developed countries have been carrying out unfair trade policies.

These unfair trade policies find expression mainly in the following: one is forcing the prices of primary products down; the other is setting up nontariff barriers. So-called nontariff barriers refer to restrictions upon exports, aside from customs duties, such as import quotas, import licences, domestic taxes, tedious customs formalities, and rigid standards on the safety, hygiene, and quality of imported goods. At present, nontariff barriers erected by Western nations number no fewer than 1,000 kinds. They have become important means to which they resort to scramble for markets and hinder the economic growth of the Third World.

Over the 40 postwar years, Third World nations have made certain progress in developing their national economies, but their economic structure remains very backward due to obstacles interposed by developed capitalist countries. Of 120 odd developing nations, only a few have notably changed their production and trade structure, over 20 countries mainly rely on oil exports, and the majority earn foreign exchange mainly by means of exporting primary agriculture and mineral resource products. [passage omitted]

The protectionist measures adopted by developed countries and the nontariff barriers established by them under names of every description are tremendous obstacles to the export trade of developing nations. According to a recent report prepared by the World Bank, between 1980 and 1983, the United States increased nontariff barriers by more than 100 percent, and the European Economic Community by 38 percent. During this period, 10.5 percent of export goods between developed countries were restricted by nontariff barriers, while 19.8 percent of export goods from developing countries to developed countries were hindered. Due to these nontariff barriers, in 1983, 29 percent of farm products were not allowed to be exported from developing countries to developed countries and developing countries lost $7.4 billion of foreign exchange in their export of refined sugar alone. Some newspapers in Western countries pointed out that if there had been no such losses, the debts incurred by Latin American countries would not have been so enormous.

Meanwhile, discrimination in world trade is also nothing new. Japan puts a levy of 15 percent on plywood imported from the United States and Canada, but 20 percent on the same product from Malaysia and Indonesia.

The steep fall in prices of primary products and restrictions imposed on export goods have sharply reduced the amount of foreign exchange earned by developing countries and harassed them with huge debts. External debts of developing countries increased from $610 billion in 1980 to $970 billion in 1985.

At present, 70 percent of export goods of developing countries are traded with developed countries and the funds and high technology needed by developing countries mainly come from developed countries. In an article published recently, the French newspaper LE MONDE pointed out: Developed countries and developing countries rely closely on each other so that they should cope with crises with concerted efforts. An excellent economic situation in developing countries is absolutely necessary for causing the economies of developed countries to boom, because developing countries are important markets for developed countries. However, to sum up, the present international economic order, which is unfair and unreasonable and used by developed countries to control world trade and financial markets, will not change substantially in the near future. In their economic and trade relations with developed countries, developing countries are still in an unfavorable position. [passage omitted]

Developing countries have a vast territory and a very large population, and they have an abundance of different kinds of natural resources. However, the volume of trade between developing countries themselves occupies only 30 percent of the total volume of their foreign trade. This demonstrates that there is a vast field where much can be accomplished in promoting economic and trade cooperation between themselves. Expanding various forms of economic cooperation and trade between developing countries can reduce their dependence upon developed countries, help supply each other's needs, and make up each other's deficiencies so as to stimulate their economic development.

OAU DENOUNCES REAGAN SPEECH ON SOUTH AFRICA

OW240640 Beijing XINHUA in English 0541 GMT 24 Jul 86

[Text] Addis Ababa, July 23 (XINHUA) -- The Council of Ministers of the Organization of African Unity (OAU) today strongly denounced U.S. President Ronald Reagan's speech on Tuesday on the situation in South Africa.

According to conference sources here, a resolution adopted at the plenary session of the council condemned the refusal of the U.S. Government to take sanctions against South Africa. It appealed to the U.S. Congress to speedily impose comprehensive and mandatory sanctions that would bring down the racist regime in South Africa and avoid a bloodbath.

The resolution said that this global demand for sanctions against the racists of Pretoria is being blocked by certain Western countries, principally by the United States and Britain.

QUALITY CONTROLLED LAUNCHES TO BE ENSURED

OW240728 Beijing XINHUA in English 0648 GMT 24 Jul 86

[Text] Beijing, July 24 (XINHUA) -- China's Space Industry Ministry will complete a comprehensive quality control program this year to ensure that its launches of foreign satellites will be successful.

An official said here today: "Our ministry has set 60 norms on quality and design. Businesses that fail to meet our standards by the end of the year will lose their contracts."

So far this year, companies in Sweden and the United States have contracted with China to launch their satellites. And launch negotiations are continuing with representatives from Australia, Canada, Great Britain, Indonesia, the Netherlands, Pakistan and other countries, the official said.

Since it began using "Long March" rockets in 1970, China has successfully launched 18 satellites.

INDIA, U.S. STRENGTHEN SCIENTIFIC, ECONOMIC TIES

OW241140 Beijing XINHUA in English 1129 GMT 24 Jul 86

[Text] New Delhi, July 24 (XINHUA) -- Relations between India and the United States in the fields of scientific cooperation, technology transfer, development assistance and bilateral trade have showed a "perceptible upswing" in recent years.

Bilateral trade has gone up from 1.8 billion U.S. dollars in 1975 to about 4.1 billion dollars in 1985 with India enjoying a surplus of one billion dollars last year, according to local press reports today quoting U.S. sources here. The trade would grow even higher, the sources predicted.

The two countries have also extended their cooperation in technological sphere "in a spectacular manner," it was reported.

To highlight the development, the sources cited as example the prospect for India to get a super-computer after the Indo-U.S. talks on the safeguard question about the computer scheduled to be held later this year in New Delhi.

U.S. President Ronald Reagan, the sources stated, has "accepted in principle" making available to India the super-computer. The sources described this as "a token of faith" which the U.S. has in India.

The U.S. insistence on safeguards arose from the fear over possible Soviet access to the super-computer once it is installed in India and the Indo-Soviet relationship is well known, the sources said.

Notwithstanding the super-computer issue, the two countries have gone ahead quite fast in their cooperation in the computer field, with the U.S. clearing as many as 42 computer systems for transferring to India in this month alone.

Under the Indo-U.S. science and technology program, 33 new projects involving a U.S. contribution of 5 million U.S. dollars have been sanctioned.

In the field of defense-related technologies, some promising projects have been identified. The transfer of technology for a night vision device has been finalized. A radar for civil aviation is available just as the General Electric 404 jet engine has been offered for India's proposed light combat aircraft.

ARTICLE ON U.S. 'FLEXIBLE RESPONSE' STRATEGY

HK220501 Beijing SHIJIE ZHISHI in Chinese No 13, 1 Jul 86 pp 2-4

[Article by Sa Benwang: "Reagan Administration's New Strategy of 'Flexible Response'"]

[Text] Since the Reagan administration came to power, the position of military strategy in the national strategy of the United States has been further strengthened. Strategic ideology has become more active than before and new strategic ideas have kept emerging one after another. The strategy now carried out by the Reagan administration, as stated in the U.S. National Defense Report, is the "flexible response strategy developed in view of the increasing threat of the Soviet Union."

When talking about the "flexible response" strategy, people cannot help thinking about the "flexible response" strategy proposed by the Kennedy administration in the 1960's. Comparison between the two shows that they are similar in that both take the nuclear deterrent as their backup force and conventional military forces as their double-edged sword in carrying out intervention throughout the world. The two strategies are similar in various aspects, such as in fighting the "bush fire war," because both are characterized by marked stress on the offense and on taking risks. However, times have changed. Besides inheriting and developing the "flexible response strategy" proposed by the Kennedy administration, the Reagan administrations' "flexible response" also has its own characteristics strategy.

The Main Contents

The main contents of the Reagan administration's new strategy of "flexible response" can generally be divided into four aspects:

1. The "contention strategy" to wear down the Soviet Union in the long-term arms race.

The so-called "contention strategy" is aimed at enabling the U.S. military force to "possess great fompetitiveness than that of the Soviet military force" on all levels and in all fields and rely on powerful economic strength and advanced science and technology to wear down the Soviet Union in the long-term arms race and gain the strategic initiative. The "contention strategy" will remain the "focal point of U.S. defense policy for some years in the future" and will "guide the research, development, and purchase of weaponry, the revision of strategic theories and combat ideologies, and the reform of the organizational mechanism." The "contention strategy" also demands not only strengthening the collection and study of information concerning the Soviet Union's present general and specific policies, strategies, plans, weapons, equipment, and so on, but also for predicting their development trend in order to keep revising U.S. strategies and plans.

The U.S. national defense report repeatedly stresses that the determination to "revitalize the military strength of the United States" is the "biggest difference" between the Reagan and Carter administrations. Since the Gramm-Rudman bill (which demands a reduction of government expenditure and gradual realization of a balanced budget within 5 years) was passed in the U.S. Congress, Ronald Reagan, Caspar Weinberger, and others have time and again declared that the efforts on arms expansion "should not be given up halfway" and "the national defense budget should be based on national security considerations and should not be affected by the reduction of financial expenditure" lest the achievements of the arms expansion over the past few years "be irrevocably lost."

The Reagan administration has adopted the method of reducing welfare expenditures to maintain a high level of military expenditure. The military expenditure for fiscal year 1987 will reach U.S. $282.2 billion, an increase of 2.4 percent over that of fiscal year 1986 if the inflation rate is factored in. The total amount of military expenditure for the next 5 years will exceed U.S. $1,700 billion.

2. The new combat method of "low-intensity conflict" in contending for the Third World with the Soviet Union.

In the 1970's, the United States divided the war zone into four categories: "Strategic nuclear war, war-zone nuclear war, war-zone conventional war, and conventional war of smaller scale than war-zone conventional war." Now, the United States divides the war zone into four new categories: "Nuclear war, large-scale conventional war, small-scale conventional war, and low-ingensity conflict." The reason the United States has made this change in its division of war zones is because it now believes that under the circumstances of a strategic balance having been achieved between the United States and the Soviet Union, there is little possibility for a nuclear war to break out and not much possibility for a large-scale conventional war to break out between the United States and the Soviet Union. At present, the "most realistic threat" comes from terrorist activities, subervisions and armed rebellions, guerrilla wars, and some other "low-intensity conflicts." Therefore, the Reagan administration has adopted a series of measures to cope with the new situation: To establish the joint special combat bureau directly under the Joint Chiefs of Staff, establish a new special groujd forces combat units, organize and build lightly packed division capable of fighting wars in Third World countries, established special air combat units under the U.S. Air Force, and strengthen the deep-sea mobility and amphibious combat capability of the U.S. Navy so as to strengthen the U.S. Armed Forces' capability of carrying out "low-intensity conflicts."

The Reagan administration has criticized the Carter administration for "ignoring the Third World," retreating at every step when contending with the Soviet Union, and "causing major strategic losses," and thought that the main danger facing the United States is not "Soviet tanks running wild on the mid-European plains," but "Soviet expansion in the Third World" at least, within this century, the broad areas of the Third World will remain the "major battlefield" of the U.S.-Soviet contention. On 14 March, in his official report on foreign policy entitled "Freedom, Regional Security, and World Peace," Reagan more clearly suggested driving out the Soviet force from its occupied Third World territories, which was later called the "limited driving out" strategy.

Under the guidance of this ideology, the Reagan administration has been laying more stress on the use of military means than did its predecessor. What is worthy of special attention is that at the beginning, the Reagan administration only carried out military intervention in the Third World on the pretext of Soviet military involvement in those areas. Later, the United States has tended without hesitation to use force to "liberation oppressed areas" even when there is no Soviet military involvement in those areas. The U.S. military invasion of Grenada in October 1983 showed this change of U.S. policy. The U.S. Defense Department has formulated six criteria for using U.S. military force, and put forward that "when the interests of the United States and its allies are threatened and military force must be used, the United States should be quick to use limited military force," and "if a battle is to be fought, we must be sure to win it." [paragraph continues]

In order to realize this, the United States will have clear-cut goals, make sufficient preparation, concentrate its superior force, bring into play the advantages of the technology and weaponry of the U.S. Navy and U.S. Air Force, adopt the combat method of launching a surprise attack and fighting a quick battle to force a quick decision, stop fighting immediately after realizing the schedule goals of the state strategy and foreign policies, and should never repeat the method of "gradually supplying reinforcements" which was used during the Vietnam War. Between March and April of this year, the United States twice used its Navy and Air Force to attack Libya according to this combat ideology.

3. To stress conventional forces, reduce dependence on nuclear weapons, and implement the "multi-level nuclear deterrent."

There have always been people who think that deterrence is the best policy of military strategy. The "multi-level deterrent" is a new concept put forward in the U.S. Defense Report. The new concept has combined the nuclear force, the conventional force, the chemical weapons force, the active military force, the reserve military force, the military force of the United States, and the military force of the U.S. allies into the U.S. deterrent force to form a multi-level deterrent force in all aspects.

The putting forward of the concept of the "multi-level deterrent" shows that the Reagan administration has further abandoned the theory of "mutual destruction of both sides" -- the guiding ideology of U.S. nuclear strategy in the 1960's and 1970's. This theory was based on the "capability for a second strike," which depended solely on the offensive strategic nuclear force, believing that so long as the United States has the capability to destroy three-fourths, of Soviet industry and one-fourth of the Soviet population after a surprise attack by Soviet nuclear weapons, the United States will be able to contain the Soviet Union and make the Soviet Union dare not launch a nuclear war. Along with the development of the arms race between the United States and the Soviet Union, the Reagan administration has revised the policy of relying solely on the offensive nuclear force and has begun to try to establish a nuclear war system that has both offensive and defensive capabilities. The Reagan administration has shifted the main target of the nuclear war from cities and population to military installations. The Strategic Defense Initiative (namely, the "star wars" program) proclaimed by Reagan in March 1983 is an important sign of this strategic change.

4. To use the "star wars" program as the breach to upset the military balance between the United States and the Soviet Union.

Implementation of the "star wars" program is aimed at relying on the powerful economic potential and technological advantage to try to establish a multi-level antiballistic missile defense system with the space-based directional weaponry system as its main method of interception well before the Soviet Union at the beginning of the 21st century. This will not only close the "window through which the U.S. intercontinental missiles are easily attacked by the Soviet Union" and enable the United States to intercept most of the Soviet nuclear missiles that are launched against the United States but also make the Soviet Union lose its capability of withstanding the U.S. counterattack so that the United States will be able to gain the initiative of having both defensive and offensive capabilities and having a "capability of launching an overwheming first strike" against the Soviet Union. So, the "star wars" program will become the pioneer to help the United States upset the nuclear balance between the United States and the Soviet Union. In fiscal year 1986, the United States has decided to spend U.S. $2.75 billion on the "star wars" program. And in fiscal year 1987, the expenditure on the "star wars" program is expected to be increased to U.S. $4.8 billion.

The Background of the New Strategy

The emergence and formation of the Reagan administration's new "flexible response" strategy are closely linked with changes in the situations both inside and outside the United States over the past few years. These changes can be boiled down to the following points:

1. The actual strength of the United States has obviously increased. Since 1982, the U.S. economy has shown continued growth, which has enlarged the gap between the United States and the Soviet Union. So, as far as relative military strength is concerned, a momentum favorable to the United States to strengthen its position in the arms race and global contention with the Soviet Union. U.S. Secretary of State George Shultz once proudly said: "We have reason to believe that the relative strength has become favorable to us."

2. The conservative force in the United States has gained ground. Along with the strengthening of the actual strength of the United States, the conservative force in the United States, which advocates a hard-line attitude toward the Soviet Union and contention with the Soviet Union in the Third World, has further developed, and even some liberal Democrats have changed their attitude on using U.S. military force. The hard-liners in the upper strata of the United States have become more domineering than before.

3. Relations between the United States and its main allies have been further improved. On such major questions as the deployment of U.S. medium-range missiles in Europe, implementation of the "star wars" program, the holding of arms control talks with the Soviet Union, and other question concerning East-West relations, the United States has been able to coordinate its position with Western Europe, Japan, and other major allies and has been supported by its allies to varying degrees. The Reagan administration's new "flexible response" strategy is also aimed at coinciding with NATO's current "flexible response" strategy and strengthening the strategic cooperation and coordination with its allies.

4. The United States thinks that the strategic position of the Soviet Union now appears weaker than before. After the 27th Congress of the Soviet Communist Party, the United States saw clearly that the Soviet Union was committed to the realization of the strategic goal of revitalizing its economy and was unable to carry on the arms race with equal strength. And it will be difficult for the Soviet Union to carry out a large-scale expansion in the Third World. So, the United States seized the opportunity to take the offensive.

Prospects

It is predicted that by the end of the 1980's and in 1990's, the hard-line military policies pursued by Reagan will probably have had a profound impact on the strategic situation in the world.

1. The qualitative escalation of the arms race between the United States and the Soviet Union. The "star wars" program has raised the curtain on a new round of arms race between the United States and the Soviet Union and signified the qualitative escalation of the arms race between the United States and the Soviet Union. So, the United States will probably overtake the Soviet Union in the new round of the arms race. However, the lead taken by the United States is only limited, temporary, and unstable. [paragraph continues]

The Soviet Union believes that the U.S. "star wars" program constitutes the most serious and potential threat to the safety of the Soviet Union, so it is now adopting various countermeasures to prevent the United States from gaining the upper hand. History shows that the Soviet Union has always been able to catch up with the United States militarily within a short period of time once it lags behind. The result of the arms race between the United States and the Soviet Union will probably still be overall escalation of the arms race on both sides and overall equilibrium between the two sides.

2. Gradual intensification of the global contention between the United States and the Soviet Union. Because the United States is now in a relatively favorable strategic position and has strengthened its offensive, the pattern with the United States and the Soviet Union in defensive and offensive position in turn in the arms race will probably be gradually replaced by the pattern with the United States in thte offensive position and the Soviet Union in the defensive position. However, we should also know that the Soviet Union will not endure the situation in which the United States is in an offensive position for too long a time. The Soviet Union is still making great efforts to safeguard its vested interest and still sticks to implementing its strategy for global hegemony. In the foreseeable future, U.S.-Soviet relations will be characterized by both confrontation and dialogue, with confrontation not leading to direct conflict and dialogue not leading to overall detente.

3. Further development of the contradictions between the United States and Third World countries. That the United States is implementing offensive, aggressive, and adventurist "Reaganism" and the new "flexible response" strategy, carrying out "low-intensity conflicts," and interfering in the affairs of the Third World countries will inevitably arouse the strong opposition of the broad masses of medium-sized and small countries and further isolate the United States from the Third World countries.

4. Expansion of the differences between the United States and its allies. The main allies of the United States are Western Europe and Japan. Japan and most West European countries have suffered serious war wounds and now favor stability rather than disorder, so they will only give limited support to the United States. They hope that the tension between the United States and the Soviet Union will be eased, hope to see a stable international situation, and are dissatisfied with the hegemonist moves of the United States. All these factors will constitute an important force containing the United States.

5. Intensification of the struggle between the two factions in the United States. Since the end of World War II, U.S. military strategy has experienced several changes, a major change every 10 years on the average. However, none of these strategies has been fully realized because the United States has failed to solve some of the fundamental problems, such as excessively high goals, lack of actual strength, and so on. So, the new strategy of "flexible response" put forward by the Reagan administration in the 1980's will not be plain sailing, either. Once the new strategy meets with setbacks or unfavorable situations, a general debate on the new strategy will certainly break out in the United States. The debate between two major factions on strategy -- the conservative faction and the liberal faction -- will doubtlessly become white-hot again. Therefore, what strategy the United States will adopt in the 1990's and in the 21st century is a question demanding close attention.

XINHUA EXAMINES JAPANESE POLITICAL SCENE

OW240618 Beijing XINHUA in English 0554 GMT 24 Jul 86

["News analysis: Nakasone System in Government and Ruling Party (by Liu Wenyu)" -- XINHUA headline]

[Text] Tokyo, July 23 (XINHUA) -- Re-elected Japanese Prime Minister Yasuhiro Nakasone has consolidated his power base in both the ruling Liberal Democratic Party (LDP) and the government by announcing a new lineup of LDP top executives and cabinet ministers in the last two days.

Nakasone led the LDP to a landslide victory in the snap general elections of both houses of the Diet (parliament) two weeks ago, in which the LDP grabbed a record 304 out of 521 seats in the powerful lower house, an astounding upswing from the 249 seats the LDP was elected to in the 1983 elections.

The victory has greatly enhanced Nadasone's political clout and will probably enable him to extend his second term, which expires in October, or even to run for a third term.

However, there is much going on behind the scenes. Not all in the LDP are happy to see a stronger Nakasone who, according to the party Constitution, cannot serve more than two terms.

Former party Secretary General Shin Kanemaru, one of the key figures who engineered the LDP's victory in the parliamentary elections, quit immediately after the elections in the hope that Nakasone would carry out an early transition of power to new leaders.

Nakasone, on the other hand, took advantage of Kanemaru's resignation and replaced him by former Finance Minister Noboru Takeshita. Takeshita's new post is known as a ladder leading to the party presidency and even to the prime ministership. As Takeshita will support Nakasone's stand, so their cooperation actually strengthens Nakasone's position.

Some members of Nakasone's faction within the LDP were worried about his decision to name former Foreign Minister Shintaro Abe as LDP Executive Council chairman since he opposes an extension to the prime minister's term. Nevertheless, Nakasone is confident that with the other two top slots of secretary general taken by Takeshita and chairman of the party Policy Affairs Research Council taken by Masayoshi Ito, whom Nakasone highly trusts, Abe will hesitate to take "excessive action."

Apart from placing Takeshita and Abe in important party posts, Nakasone offered Kiichi Miyazawa the portfolio of finance minister minister, although Miyazawa originally opposed the snap double elections fearing a growing Nakasone influence.

After Nakasone unveiled the new lineup, the Japanese newspaper "ASHAI SHIMBUN" said that the political situation in Japan has passed the era in which the opposition was evenly matched with the ruling party.

Nevertheless, local opinion has it that Nakasone's strengthened position may not mean plain sailing when he tries to deal with some knotty issues before his cabinet, such as financial reform, drastic yen appreciation, and trade frictions with other countries.

Besides, the three new leaders, Takeshita, Abe and Miyazawa, all are potential rivals and will certainly vie for the leadership when Nakasone finally steps down. This will inevitably affect the stability of the Nakasone system.

PRC, DPRK TO BUILD YALU RIVER POWER STATION

OW231424 Beijing XINHUA in English 1331 GMT 23 Jul 86

[Text] Pyongyang, July 23, (XINHUA) -- The Council of China-Korea Hydraulic Power Corporation today adopted a design to build a power station on the Yalu River bordering the two countries.

The representatives of the two countries also discussed the corporation's financial management, material supply and other technical issues at the council's 39th meeting, which ended today.

Zhao Qingfu, vice minister of the Chinese Water Resources and Electric Power Ministry, and Yi Chong-song, vice chairman of the Korean committee of Electric Standardization, signed a resolution on the project.

Korean Vice Premier and Chairman of the State Planning Commission Hong Song-nam met with Zhao and praised Korea-China cooperation on the building of power stations.

The China-Korea Hydraulic Power Corporation, a major enterprise of the two countries, has four power stations under it, two of which are under construction.

NPC'S CHU TUNAN MEETS JAPANESE DELEGATION

OW240950 Beijing XINHUA in English 0937 GMT 24 Jul 86

[Text] Beijing, July 24 (XINHUA) -- Chu Tunan, vice-chairman of the National People's Congress Standing Committee and advisor to the China-Japan Friendship Association, met with a friendship delegation from Iwate Prefecture, Japan, here today.

The delegation, led by Saijiro Hamakawa, mayor of Kamaishi and advisor to the Japan-China Friendship Contacts Association of Iwate, arrived here July 18 at the invitation of the China-Japan Friendship Association. It has travelled to Shenyang and Dalian in northeast China.

CGDK DECLARES SRV-HENG SAMRIN ACCORD ILLEGAL

OW230917 Beijing XINHUA in English 0641 GMT 23 Jul 86

[Text] Beijing, July 23 (XINHUA) -- The Democratic Kampuchean Coalition Government (CGDK) does not recognize the economic and cultural agreement signed between Vietnam and the Heng Samrin regime on July 17, Radio Democratic Kampuchea reported today. The radio report quoted a CGDK Foreign Ministry spokesman as saying that the agreement showed the Vietnamese design to intensify its control over the Heng Samrin Regime. In the past seven years Vietnam and the Heng Samrin regime have signed 18 agreements, all of which have been declared illegal by the CGDK.

OFFICIAL ON HONG KONG'S FUTURE POLITICAL SYSTEM

HK170921 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 28, 14 Jul 86 pp 19, 20

[Article by Tang Hua: "Seeking a Model for Hong Kong's Specific Political System Under the Condition of 'One Country, Two Systems' -- An Interview With Xiao Weiyun, Member of the Hong Kong Basic Law Drafting Committee"]

[Excerpts] The political system problem is commonly regarded as the most difficult and most complicated problem in the work of drafting the Basic Law for the Hong Kong Special Administrative Region. Discussion of this problem is always the focus of public attention in Hong Kong.

From 29 June to 1 July, the special group of the Basic Law Drafting Committee, which is responsible for items on the political system, held its second meeting in Shenzhen. The main task of the meeting was to study and analyze Hong Kong's current political system and how it is working, so as to lay a foundation for the drafting of concrete items on the political system in the Basic Law. [passage omitted]

Professor Xiao Weiyun, 61, is vice dean of the Law Department of Beijing University, and a well-known scholar in China's legal circles as well. In January this year, as a member of the specialists' group led by Lu Ping, deputy secretary general of the Basic law Drafting Committee, he came to Hong Kong and stayed for 1 month to investigate. When asked whether substantial progress was made at the 3-day group meeting, Xiao Weiyun said that the meeting mainly introduced Hong Kong's current political system and how it works, and had met its purpose. After the meeting, the members of the Basic Law Drafting Committee from China's inland and some Hong Kong members had a better understanding of Hong Kong's current political system and how it works. They provided some valuable reference materials and opinions for the further drafting of Hong Kong's political system after 1977. He said: In order to do well in drafting items concerning the political system in the Basic Law, we must take this step to analyze the current political system. In this sense, the result of the meeting is more significant. [passage omitted]

Xiao Weiyun emphasized that in drafting Hong Kong's future political system, we must neither mechanically copy the model of inland China nor the political system of other countries, but must proceed from Hong Kong's realities and seek a model political system with Hong Kong's specific characteristics under the condition of "one country, two systems." [paragrah continues]

Only when we make sufficient investigation and analysis and carry out careful discussions repeatedly can we gradually reach unanimity on some major questions concerning the political system. There are now many different opinions on Hong Kong's future political system in various sectors of Hong Kong. Thus, the political system group cannot hastily draw conclusions on certain major issues. We certainly need to grasp our work firmly, but we should never be too hasty.

Referring to the objective of development of the political system of the Hong Kong Special Administrative Region, Xiao Weiyun simply summarized the common opinion of the committee members attending the meeting -- that is, Hong Kong's future political system should embody the spirit of the Sino-British Joint Declaration, conform to the conception of "one country, two systems," and reflect the unity of the sovereignty and territorial integrity of the state; Hong Kong's capitalist system and lifestyle will remain unchanged for 50 years and the Hong Kong Special Administrative Region will enjoy a high degree of autonomy; Hong Kong's stability and prosperity should be maintained; the future political system should be conducive to the joint participation of various social strata in the management of the Special Administrative Region, and should retain some good points of the current political system. He held that this common understanding of the special group responsible for items on the political system, which was achieved through discussion, will be helpful to the drafting of items concerning the political system of the Basic Law. [passage omitted]

Referring to the different views and opinions on some questions at the meeting, Xiao Weiyun said that they are mainly the question of further democratizing Hong Kong's political system after 1997, the question concerning the relationship between direct and indirect elections and between direct elections and democracy, the understanding of the meaning that the administrative organ should be held "responsible" to the legislative organ, and the question of whether the administrative organs include the chief executive. As the group has not yet had a full discussion over these questions, they will be settled at future meetings. The special group will not evade these questions. [passage omitted]

Xiao Weiyun denied a rumor spread in Hong Kong that the committee members from inland China have a preliminary blueprint on Hong Kong's future political system. He said: The committee members from inland China are working together with the Hong Kong members in drafting the items on the political system of the Basic Law. On some major questions concerning the future political system, they are still trying to find out about the situation and are collecting and exchanging views. This is a very complicated and difficult matter, and no one can immediately offer perfect suggestions or provide a ready and fixed model. It is groundless to say that the members from inland China already have a blueprint on the future political system of the Hong Kong Special Administrative Region.

ROUNDUP OF THAI GENERAL ELECTION CAMPAIGN

OW231006 Beijing XINHUA in English 0952 GMT 23 Jul 86

[Roundup: Intense Campaigning in Thai General Elections by Li Guotian and Zhu Zhenguo -- XINHUA headline]

[Text] Bangkok, July 23 (XINHUA) -- Three thousand candidates from 16 parties are vying for parliamentary seats to be won in Thailand's 14th general elections, scheduled for July 27. The whole country is busy with campaigns.

Campaign billboards are everywhere and cars with rooftop speakers blare out candidates' would-be policies in provincial capitals as well as in Bangkok. Candidates carrying placards can be seen moving through the streets on everything from bikes to elephants.

On May 1, Prem Tinsulanon's cabinet submitted a transport bill to Parliament, which was promptly voted down. The rejection cornered Prem and left two choices for him: Dissolve the lower house and call general elections or resign. After consulting with King Phumiphon Adunyadet, the prime minister chose the first option.

The Thai election constitution provides that only political party members may run for election and any party wishing to take part in the election must field candidates for at least 174 seats, or half the number of seats in the lower house. In all, 3,813 people have signed up in 138 constituencies for the 347 lower house seats.

The Democratic Party, headed by Deputy Prime Minister Phichai Rattakun, has sent its capable members to southern Thailand to handle the region. Canvassing almost every constituency in Bangkok for votes, Phichai himself trumpets his party's main campaign tune: democracy, improvement of the quality of life, tax cuts and incentives for local industries.

Not to be outdone, Deputy Premier and Foreign Minister Sitthi Sawetsila, leader of the Social Action Party, has gone out into the masses in Bangkok, particularly in residential quarters of the Thais of Chinese origin to talk with them. He said in a televised address that his party, if in power, will try to improve farmers' living standards and seek out more international markets for Thai agricultural exports. In addition to talk, he donated construction materials to some city districts hit by a large fire.

The wealthy Thai Nation Party (TNP), once the biggest opposition party, is concentrating efforts in the northeastern and northern constituencies, where it has to deal with its main opponent, the Social Action Party (SAP), led by Deputy Premier and Foreign Minister Sitthi Sawetsila. TNP's recently-elected leader, Chatchai Chunhawan, declared that his party would revive the country's depressed economy by stabilizing modern trade systems and through land reform.

The new United Democratic Party, which split from SAP, stands in the north along with the Thai Nation Party against Prem's government.

Judging by the number of candidates in various areas, the most hotly contested seats are those in the central and northeastern regions, including Bangkok.

The government has provided many conveniences for the parties. Each of the party leaders, for the first time in Thai election history, is being offered 30 minutes of free television and radio time to address the voters as well as a 20-minute campaign advertisement. Official propaganda machines have gone into action telling Thais to get out and vote. The Interior Ministry has formed a center of general elections, ready to tackle any problem during voting and as many as 30,000 police have been mobilized to maintain public order nation-wide.

According to incomplete statistics, there are 26,170,000 voters, and analysts predict voter turnout will be 45 percent. The result of the elections is expected to be established by midnight on July 17.

VICE MINISTER COMMENTS ON TOUR TO HUNGARY, YUGOSLAVIA

HK220445 Beijing ZHONGGUO QINGNIAN BAO in Chinese 15 Jul 86 pp 1, 2

[Article by reporter Ren Hong: "Talking About Reform After Returning From Hungary and Yugoslavia -- An Interview With Gao Shangquan, Vice Minister of the State Commission for Restructuring Economic System"]

[Text] The reform of the economic structure currently emerging in socialist countries has attracted the attention of discerning people throughout the world. Hungary and Yugoslavia are the cradles of this trend. In early July, I called on Gao Shangquan, vice minister of the State Commission for Restructuring Economic System, who had just returned from the above two countries, heading a fact-finding delegation.

Reform Has Brought About Tremendous Change

Comrade Gao Shangquan told me that Hungary and Yugoslavia broke away from the traditional, ossified mode and introduced a reform of the economic structure in the 1950's and the 1960's respectively. Yugoslavia took the lead in introducing the market mechanism, and Hungary was the first to give up the mandatory plan system in 1968. As a result of unremitting efforts over many years, the economy of the two countries has undergone enormous changes, and their peoples' living standards have been raised substantially, thus narrowing the gap between them and the developed countries. Hungary's per-capita output value which was $800 before the reform has now been raised substantially, thus narrowing the gap between them and the developed countries. Hungary's per-capita output value which was $800 before the reform has now been raised to $3,200; while Yugoslavia's per-capita output value which was $100 before the reform has now risen to nearly $3,000.

"The improvement of the living standards is reflected in the change in the people's consumption pattern in the two countries. For example, the cost of food as a proportion of the people's total consumption has decreased from 53 to 38 percent in Yugoslavia. The UN Food and Agriculture Organization regards a country whose coefficient of food costs is maintained at between 20 and 40 percent as a rich one. Nowadays, the per-capita consumption of meat, eggs, and milk has increased considerably in Hungary, and the country's consumption level is approaching that of developed countries."

Gao Shangquan observed: "There are also changes in the housing conditions in the two countries. Yugoslavia's per-capita housing area was 8.7 square meters in 1951, it has now been raised to 18 square meters. Maeanwhile, Hungary's per-capita housing area has increased to 25 square meters. The driver we had during our trip owned a villa in a scenic area where he spent his vacations. Our delegation spent a total of 40 days in Hungary and Yugoslavia and visited many cities. We never saw people lining up to purchase things. The market is brisk and commodities in ample supply. We were deeply impressed."

In-depth Reform Is the Only Way Out of the Predicament

Comrade Gao Shangquan said: "Hungary and Yugoslavia are now facing quite a few problems and difficulties. Just to cite the major ones: The disequilibrium of international payment, the irrational industrial structure, the high inflation rate, the slowdown of economic growth, and the decline in the people's income. [paragraph continues]

"But these problems cannot be attributed to the reform. When meeting with us, Hungarian Vice Premier Jozsef Marjai said: The present economic difficulties are not due to the reform but in the main to some wrong decisions we have made in regard to economic policies. No perfect reform can remedy losses resulting from a particular wrong decision. Another Hungarian Vice Premier Lajos Faluvegi said: We cannot judge whether a reform is successful from the economic data temporarily available but mainly from whether the reform can bring the initiative of the collective and the individual into play and whether it can help realize social democratization.

"Problems and difficulties can only be solved by further carrying out the reform. This is the Hungarian and Yugoslav leaders' common understanding. Hungary is going to take three reform steps, namely, the enforcement of the Law on Bankruptcy, the reform of the banking structure, and the reform of the price subsidy and taxation system. These reforms will enable enterprises to assume full responsibility for profits and losses, further improve the market system, and combine the plan and the market in a better way."

Gao Shangquan fully agrees with a view expressed by Gyorgy Aczel, a member of the Political Bureau of the Hungarian Socialist Workers' Party Central Committee. The latter said: "The reform represents the future of socialism in Hungary. There is always some instability on our way ahead. But if we halt, the world will overtake us. We must simply forge ahead rather than retreat when we are encountering difficulties."

Reform Is a Systems Engineering Project and a Task To Be Accomplished by the Whole Society

"Our delegation was comprised of 18 persons. All except three members, including me, were young economic theoreticians in their early 30's. The purpose of our fact-finding trip was to study the experience and lessons that Hungary and Yugoslavia have drawn from their economic reform and use these experiences and lessons for reference in drawing up our country's future reform plan."

"What did you learn from the tour?" I asked.

"They have been carrying out reform for a long time and have encountered many problems and difficulties which we may possibly encounter here in China. By using their experience for reference we can save many twists and turns on our way to reform. To us the following points are essential," Comrade Gao Shangquan said with fervor and assurance.

"First, a reform is a complicated and gradual process. But we must seize opportune moments to take important steps." He told me: The reform is an enormous systems engineering project which cannot be completed at just one stroke. Of course, we should make sure that we do not miss any opportunity. In 1968, 4 years after a full-scale reform had been launched, Hungary was faced with pressure from a superpower, the world oil crisis, and some minor problems at home. Some people stepped forward to oppose the reform, thus the reform was slowed down for a while. It was begun again later and was then faced with greater difficulties. Hungarian comrades regard this as a useful lesson. They hold that an important step must be taken in the course of the reform whenever the political, economic, and social conditions are available, so that the shaping of the new structure will become an irreversible trend.

"Second, the reform of the macroeconomic control system must be carried out in coordination with the reform of the microeconomic operational mechanism." He explained by citing an example: Hungary gave up the mandatory plan system and set up a nominal indirect control system in 1968. This achieved some results. However, since no coordinating package reforms were introduced and, in particular, large enterprises still occupied a monopolistic position and had no competitors, the money market failed to take shape, the organizational administrative bodies were not reformed to keep up with the development, and enterprises were not allowed to declare bankruptcy -- assuming responsibilty for profits but not losses. As a result, enterprises were involved in more and more negotiations with the government, there were more and more informal regulatory means, and the indirect control mechanism was trapped in the "Bermuda Triangle" of the vicious price-subsidy-tax cycle.

"Third, it is necessary to correctly estimate the role of the price reform." Comrade Guao Shangquan pointed out: Hungary did try to lift the restrictions on the prices of consumer goods and thus stimulated the production of consumer goods. However, the case was different when the country set out to deal with the issue of excessively low prices of production means. Price failed to stimulate production swiftly since the production and investment period of raw materials and energy was long, technical requirements were strict, and the elements of production were combined on a large scale. Gao Shangquan believes that price reform is an essential issue. However, it can only play its due role under certain conditions. It is necessary to prevent the kind of galloping inflation in which commodity prices and wages increase in turn.

"Fourth, the design and formulation of the reform plan must be based on the solution to the real problems that badly need to be dealt with in the course of the current economic development. The Hungarian leaders in charge of the economic work told us that all possible difficulties and problems must be taken into consideration; and the process of reform should not be idealized. There is no perfect plan for reform."

"Fifth, the reform of the political structure must keep in line with the reform of the economic structure." Gao Shangquan placed special emphasis on this. He said: Hungary and Yugoslavia introduced the reform early. From experience, they have realized that the reform is a task to be accomplished by the whole society and should not be limited within the economic field but involve also the political, social, and ideological fields. It is necessary to make the whole society understand and plunge into the reform, and thus provide it with a favorable social environment."

Wishing China Success in Its Reform

"What is Hungary's and Yugoslavia's appraisal of the reform of the economic structure currently in progress in China?" I asked.

Gao Shangquan told me: "Our delegation received an extraordinarily warm welcome that we did not really deserve. Government officials (including some party and government leaders), economists, and entrepreneurs of the two countries talked frankly with us about the difficulties and problems they had encountered, the twists and turns they had undergone, and the disputes between different opinions that had emerged in the course of their reforms. Their only purpose in doing so was to help China avoid or reduce twists and turns in its reform and achieve full success. They unanimously held that China's economy had been developing smoothly in the past few years. The country had a vast market, its leadership had shown a firm faith in the reform, and the success of China's reform would be of worldwide significance."

ZHAO ZIYANG IN TUNISIA ON FINAL LEG OF TRIP

Decorated, Feted by President

OW250355 Beijing XINHUA Domestic Service in Chinese 1547 GMT 24 Jul 86

[By reporters Ying Qian and Jin Shaoqing]

[Text] Monastir, 24 Jul (XINHUA) -- Tunisian President Habib Bourguiba met with Chinese Premier Zhao Ziyang at the temporary presidential palace here at noon today and presented him with the Order of the Republic of Tunisia in recognition of his contributions to the development of Sino-Tunisian friendly relations and cooperation.

When Premier Zhao entered the reception room of the temporary presidential palace, President Bourguiba who was waiting for him stood up and stepped forward to cordially shake hands with him. He also kissed Premier Zhao to warmly welcome him.

President Bourguiba personally placed the Order of the Republic, Tunisia's highest medal of honor, around Premier Zhao's neck and said: "This is an important memento. With this, you will always be a friend of the Tunisian people."

Premier Zhao expressed his heartfelt thanks to President Bourguiba for the highest honor conferred on him. He said: "This is not merely an honor for myself; more importantly, it once again reflects the Tunisian people's profound friendship for the Chinese people."

Premier Zhao took the opportunity to convey the cordial regards and best wishes of Chairman Deng Xiaoping, President Li Xiannian, and General Secretary Hu Yaobang to President Bourguiba and wished him good health and long life. President Bourguiba repeatedly said: "Thank you, thank you, and thank you."

President Bourguiba presented Premier Zhao with a set of exquisite Tunisian handicraft articles. Premier Zhao presented President Bourguiba with a carved, three-jointed walking stick on behalf of Chairman Deng Xiaoping, a big porcelain plate with the portrait of the president on it, and a 50-cm high, tricolored glazed pottery camel in his own name. President Bourguiba accepted the walking stick presented by Chairman Deng Xiaoping and tried it. He then handed his own walking stick to someone else. He said: "The portrait on the porcelain plate is well done."

Following the medal award and meeting, President Bourguiba gave a dinner party at the temporary presidential palace in honor of Premier Zhao and his entourage.

Present at the meeting and dinner party were Sfar, Tunisian premier; Bourguiba, Jr; member of the Political Burea of the Destourian Socialist Party of Tunisia; Skhiri, director of the Presidential Office; and Caid Essebsi, foreign minister.

Attending the meeting and the dinner party from Premier Zhao's party were Lu Dong, minister in charge of the Chinese State Economic Commission; Qian Qichen, vice minister of foreign affairs; Wang Pinqing, vice minister of foreign economic relations and trade; and Bao Tong, vice minister in charge of the State Commission for Restructuring the Economic System. Xie Bangding, Chinese ambassador to Tunisia, was also present.

XINHUA Report on Activities

OW242347 Beijing XINHUA Domestic Service in Chinese 1520 GMT 24 Jul 86

[Text] Tunis, 24 Jul XINHUA -- Tunisian Prime Minister Rachid Sfar held a grand banquet in honor of Chinese Premier Zhao Ziyang on the evening of 23 July at the Carthage Guesthouse in the nothern suburb of Tunis city.

Both Prime Minister Sfar and Premier Zhao Ziyang delivered ebullient speeches at the banquet. Sfar spoke highly of the development of the friendly and cooperative relations between Tunisia and China. He said: "Our cooperation has been satisfactory and has achieved positive results. This is the best motive force to further expand our relations on the basis of firm and sincere friendship." He added that the economic cooperation between Tunisia and China has successfully developed beyond the scope of bilateral cooperation and that Sino-Tunisian cooperation is not limited to the economic sphere but has been extended to some social spheres.

The great success of the cooperation between Tunisia and China, Sfar pointed out, is attributable to the fact that the two countries trust each other and take a sincere attitude toward cooperation. He expressed the hope that this effective cooperation would serve as a good example for Third World countries.

Referring to the international situation, Sfar condemned the aggression against Afghanistan and Cambodia and urged the withdrawal of foreign troops from these two countries and the recognition of their people's right to self-determination. He urged the implementation of UN Security Council Resolution No 435 on the independence of Namibia and the establishment of a new international economic order.

Sfar also touched on the situation in Chad, the Iraq-Iran war, and the Middle East issue, calling on the Chadian people to achieve national conciliation and expressing the hope that the Iraq-Iran war would be ended honorably through negotiations. On the Middle East issue, he said: "The Arab choice of peace cannot be changed. However, restoration of security and stability in this area can be guaranteed only when the Palestinian people's legal rights of self-determination and building their own country under the leadership of the PLO, their sole legitimate representative, are recognized."

In his speech, Zhao Ziyang praised Tunisia's achievements in its internal and foreign affairs and reiterated China's support for the just struggle of the Palestinian and other Arab people. He said: "The Chinese Government and people unswervingly support the Palestinian and other Arab people in their just struggle to recover their lost land and national rights and also support the convocation of a UN-sponsored international conference to discuss the settlement of the Middle East issue with the participation of all parties concerned. The PLO, as the Palestinian people's sole legitimate representative, has the right to participate as an equal party in the settlement of the Middle East issue. We firmly believe that as long as the Palestinian and othe Arab people close ranks, persist in their struggle, and win the most extensive international sympathy and support, they are certain to attain their lofty goal."

Zhao Ziyang spoke highly of the relations between China and Tunisia. He said: "Since 1964 when China and Tunisia established diplomatic relations, the two countries have conducted sincere and effective cooperation in the political, economic, cultural, and other fields, and their friendly relations have continued to develop.

"In particular, the last few years have witnessed new developments in the cooperative relations based on equality and mutual benefit as a result of their efforts to explore new ways and open up new areas of economic and technological cooperation. I wish to stress that the continuous expansion of our cooperation is not only in the interests of our two peoples but is also an integral part and an important experiment of 'South-South cooperation.' I believe that the smooth progress in Sino-Tunisian friendly and cooperative relations through the joint efforts of the two sides will provide useful experience to developing countries for promoting mutual assistance and cooperation."

On the evening of 23 July, Premier Zhao and Tunisian Prime Minister Sfar held official talks in the latter's office. They fully exchanged views on further developing Sino-Tunisian friendly and cooperative relations and emphasized probing ways and means to beef up the economic cooperation and expand bilateral trade between the two countries. At the talks, Prime Minister Sfar pointed out that the economic cooperation between Tunisia and China is now progressing very well and that there has been a remarkable growth in their bilateral trade in the past 3 years. He said, Tunisia hopes that the two countries will further increase their trade volume and expand the scope of their barter trade. He expressed satisfication with the smooth progress of a phosphate fertilizer plant project, a joint venture involving China, Tunsia, and Kuwait. He hoped the two countries would look into the possibility of cooperation in other fields, such as industry, agriculture, and fisheries. He also offered some ideas in this regard.

Premier Zhao said that China is willing to develop diversified forms of economic cooperation with Tunisia on the basis of equality and mutual benefit. He agreed with Prime Minister Sfar's opinion that China and Tunisia should expand the volume and increase the commodity variety of their barter trade. He stressed that the barter trade between China and Tunisia would be of universal significance to those developing countries that are endowed with rich natural resources but short of foreign exchange. The phosphate fertilizer plant, which is a joint venture of China, Tunisia, and Kuwait, is a useful experiment in South-South cooperation, he added. He suggested that this form of cooperation be introduced in other areas of economic cooperation between the two countries. The two prime ministers today discussed the development of cooperation between the two countries in the fields of science, technology, culture, and public health and briefed each other on their economic situation; they exchanged their experiences in national construction.

On the morning of 23 July, Premier Zhao and his entourage visited the "9 April" National Liberation Movement Museum in Tunis City. In the museum, Premier Zhao visited Room 37, where the patriotic leader Bourguiba was imprisoned, and saw the historic pictures and documents of the Tunisian national liberation struggle led by Bourguiba.

On the afternoon of 23 July, Premier Zhao saw a small-scale picture exhibition in the guest house showing Tunisia's economic achievements.

On the morning of 24 July, Premier Zhao and his entourage went by special plane to Monastir, the native place of President Bourguiba, for a visit in the company of Tunisian Prime Minister Sfar. Accompanied by President Bourguiba's son, Bourguiba, Jr. who is a member of the Political Bureau of the Tunisian Destourian Socialist Party, Premier Zhao was driven to Bourguiba's former residence for a visit.

Premier Zhao carefully looked at the pictures in the exhibition room. Bourguiba, Jr. explained in detail to Premier Zhao the photographs showing the president in his childhood and when he was a student as well as the portraits of his father and brother.

The Chinese guests also looked at the photographs showing the president's activities around the time of the nation's independence. They were happy to see that among the exhibits is a photograph showing Premier Zhou Enlai and President Bourguiba when the former visited Tunisia in 1964. At the end of the visit, Premier Zhao wrote an inscription in the visitor's book: "Wish good health and longevity to President Bourguiba, the founder of the Republic of Tunisia, pioneer of the African and Arab national liberation movement, and esteemed friend of the Chinese people!"

Before his depature, Premier Zhao presented a Chinese art work -- a small white jade screen -- to the exhibition hall at the president's former residence.

ANALYSIS OF LIKELY GULF WAR ESCALATION

OW231138 Beijing XINHUA in English 1101 GMT 23 Jul 86

[News Analysis: Iran-Iraq War To Escalate? (by Xu Boyuan) -- XINHUA headline]

[Text] Tehran, July 23 (XINHUA) -- All members of the Iranian leadership, except spiritual leader Iman Khomeyni, have vowed in public since June to defeat Iraq with consecutive military attacks within next five months.

Both Speaker of the Iranian Parliament Hashemi-Rafsanjani and Commander of the Revolutionary Guards Corps Mohsin Rezai have declared that Iran is ready for a fresh attack on the Iraqi Army, bigger than the Faw assault and Mehran battle. The Iranian Army took the Iraqi port city of Faw last February and freed the southern Iranian city of Mehran in July from Iraqi occupation.

Hashemi's and Rezai's statements indicate Iran's determination to escalate the Iran-Iraq war to a dreadful degree before the year is out. Iran has undertaken preparations for the "final" duel with Iraq despite its serious economic difficulties. Iran's war budget has never been reduced. On the contrary, the Iranian Cabinet decided Sunday to allocate another 1.15 billion Iranian rials (13.6 million U.S. dollars) to strengthen the air defense system.

About 8,000 officer candidates gathered in Tehran recently and 2,000 of them have been formally appointed officers below the rank of battalion commander. Four hundred more officers are training in Tehran and the southern Iranian city of Zhvaz. Commander Mohsin Rezai has announced that 500 battalions have been formed and another 500 will be established. An Iranian official of the information department disclosed Sunday that Iran is preparing to send 150,000 troops to the front.

Military hardware is not the most important Iranian industry. Many factories have stopped producing civilian goods to manufacture ammunition.

Iran is staking its hopes on the performance of its Army and it does not have the upper hand in the air war. Iraqi planes played an important role in attacking Iran's ground satellite stations early this month and April's Iraqi air attack on oil refineries near Tehran.

Observers estimated that the military balance has not been decisively tipped to Iran and the Iranians will meet a strong defense if they advance to crucial Iraqi positions.

Internationally, Iraq will get stronger support from the Arab world including Egypt, Jordan, Saudi Arabia and Kuwait in the event of an overwhelming attack. These countries are certainly not willing to witness the defeat of Iraq. So, it is difficult to predict who will take the upperhand if the war escalates in the near future.

ISRAEL'S PERES HOLDS TALKS WITH MOROCCAN KING

OW240142 Beijing XINHUA in English 2330 GMT 23 Jul 86

[Text] Cairo, July 23 (XINHUA) -- King Hasan II of Morocco and Israeli Prime Minister Shim'on Peres discussed the problem of peace in the Middle East and the Fes Plan in their talks starting from July 21 in Morocco, according to Israeli television tonight. The Israeli television read an unofficial text of a joint statement which, it said, the leaders of the two countries planned to issue at the end of their meeting.

The text reads: "The prime minister of Israel came to Morocco to discuss the problems of peace. King Hassan discussed the Fes Plan with him at length. Prime Minister Peres made comments and will report to his government in Israel, while King Hassan will report to the Arab leaders at the Arab summit conference."

The Fes Plan is a peace proposal adopted at the Arab summit in Fes, Morocco, in 1982. It calls for Israeli withdrawal from all occupied Arab land, dismantling of Israeli settlements in the land and the Palestinian people's right to self determination under the leadership of the Palestinian Liberation Organizaton.

XINHUA INTERVIEWS OAU PRESIDENT ABDOU DIOUF

OW240958 Beijing XINHUA in English 0930 GMT 24 Jul 86

[Text] Dakar, July 23 (XINHUA) -- President of the Organization of African Unity Abdou Diouf discussed today his tenure as acting OAU president, apartheid, African debt and the future outlook for the continent in an interview with XINHUA. These will be the themes that the heads of state of the 50 OAU member countries will address at the OAU's 22nd summit, to be held in Addis Ababa, Ethiopia from July 28-30.

Below are excerpts from Senegalese President Diouf's interview.

Diouf's Mandate

Diouf said that one of the most important achievements of his years as OAU leader was the convening in May of the U.N. Special Session devoted to the African economy. "This conference was a success," Diouf said, "because Africa sought and obtained through these sittings a contract of solidarity with the international community to help Africa take charge of its own destiny and to meet the numerous and complex challenges that it faces."

On the organization of an international conference on the African debt, Diouf said he believes that debt negotiations now underway "have not been able to succeed". The constraints imposed by the multi-billion dollar debt must, Diouf said, "Be the object of a reassessment in the sense of a rescheduling of debt payments over a longer period and a greater deferred amortization with lower interest rates.

"Africa is not demanding, as certain groups would lead you to believe, an annulment pure and simple of the debt. We intend to respect our commitments, but under conditions that permit the revitalization of our economies."

Obliterating Apartheid

"The battle for the eradication of the odious apartheid system has greatly evolved since the last OAU meeting," Diouf said, adding, "Africa has understood that it must take the front-line position in the battle if we want the international community to apply global obligatory sanctions against the tenants of the racist South African regime. These sanctions should be principally the act of countries whose economic and commercial relations with Pretoria assure the maintenance of the racist regime.

"The 22nd OAU summit will be a new chance for the OAU to launch an appeal to the intelligence, heart and reason of the international community which should agree on concrete actions to take against the regime which, every day, hurls a challenge to the universal conscience. This will be the only way to avoid a general bloodbath, which would be a serious threat to the balance of peace and the stability in Africa."

African Economy: Africa Taking Charge of Its Own Destiny

Diouf said he was convinced of the future recovery of the African economy. Since the OAU's 21st summit, Diouf said, Africa is "fully aware that the responsibility for economic recovery falls on Africa."

"Africa's debt is a fundamental question in the search for ways of restarting the African economy which must be answered if one wants to arrive at a solution to the African economic crisis," Diouf said.

On Africa's agriculture, whose development Diouf has always considered to be a requisite of achieving overall economic progress, Diouf said, "I've stated the real will of our countries to give back to our agriculture less gloomy prospects."

The 21st OAU summit agreed to devote 20 to 25 percent of national public investment to agriculture.

"As far as examples of our actions to put an end to famine, our countries, after a period of devastating drought, came to understand that only actions of solidarity on a regional and sub-regional level were able to get to the heart of drought and desertification," he said.

Diouf continued, "It is this political will to combine our efforts that was the basis for the creation in October 1973 of the Inter-State Committee for the Fight Against Drought in the Sahel. It is the same with other groups, such as the Green Belt and the Inter-Governmental Authority of the Struggle Against Drought and Under Development, which was begun January 15, 1986 at Djibouti."

"Africa is determined to take its destiny into its own hands," the OAU president concluded.

CANADA TO STUDY HYDROELECTRIC PROJECT IN PRC

OW181050 Beijing XINHUA in English 0710 GMT 18 Jul 86

[Text] Montreal, July 17 (XINHUA) -- Canada will allocate 8.74 million U.S. dollars for a feasibility study of the proposed three gorges hydroelectric project on the Yangtze River in China, Canadian External Relations Minister Monique Landry announced today. She told a press conference that a memorandum of understanding on the feasibility study of the project was signed today in Beijing by the Canadian Ambassador. It will strengthen the opportunity for Canadian companies to participate in the world's largest hydroelectric project, the minister said.

The study, to be completed by July 1987, will determine the project's technical and economic feasibility, as well as its impact on the environment. The consortium CIPM-Yangtze Joint Venture, made up of the Canadian companies of Lavalin International, SNC, Acres International, Hydro-Quebec International, and B.C. Hydro International, will carry out the study, while funding will be provided by the federal government through the Canadian International Development Agency (CIDA).

Chinese Ambassador to Canada Yu Zhan has said that China asked Canada to undertake the feasibility study because Canada has rich experience and high technology in hydroelectric field. The Chinese Government has worked for years to prepare for the study. The project, if confirmed feasible to go ahead, will have a designed unit capacity of 14,800 megawatts.

PRC, CANADA TO LAUNCH JOINT ECONOMIC WEEKLY

HK220350 Hong Kong ZHONGGUO XINNEN SHE in Chinese 1245 GMT 21 Jul 86

[Report: "China, Canada To Jointly Establish a Journal Named 'HUA-MEI ECONOMIC NEWS' in Vancouver" -- ZHONGGUO XINWEN SHE headline]

[Text] Shanghai, 21 Jul (ZHONGGUO XINWEN SHE) -- HUA-MEI ECONOMIC NEWS, a journal oriented to reporting Chinese economic news, is going to start publication soon in Vancouver, Canada. HUA-MEI ECONOMIC NEWS is jointly founded by the Shanghai-based SHIJIE JINGJI DAOBAO and the Canadian Hua-Mei Investment Company Limited. It will be published weekly in both Chinese and English editions.

SHIJIE JINGJI DAOBAO and Hua-Mei Investment Company Limited held a ceremony at the Shanghai Jingjiang Hotel yesterday evening to mark the conclusion of the agreement on jointly founding the HUA-MEI ECONOMIC NEWS journal.

GUYANA'S PRIME MINISTER MEETS PRC GUESTS

OW220156 Beijing XINHUA in English 0104 GMT 22 Jul 86

[Text] Georgetown, July 21 (XINHUA) -- Guyanese Prime Minister Hamilton Green said today the Guyanese and Chinese people should promote mutual understanding and strengthen their friendly relations. Green, also the patron of the Guyana-China Friendship Society, said this when he met with a delegation of the Chinese People's Association for Friendship With Foreign Countries headed by Ding Xuesong, vice-president of the Sino-Latin American Friendship Society. Chinese Ambassador to Guyana Ni Zhengjian also attended the meeting.

The five-member Chinese delegation arrived here this morning at the invitation of the Guyana-China Friendship Society to pay a three-day visit. Guyana and China established diplomatic ties in 1972, and have been on good terms with each other ever since. Last May, the two countries signed four agreements on economic cooperation, including China's offer to help construct two small-scale brick-making factories in Guyana.

Guyana, located at the north-east part of South America, covers an area of 214,900 square kilometers, with a population of more than 860,000.

ARGENTINE MILITARY DELEGATION FETED IN BEIJING

OW221732 Beijing XINHUA in English 1413 GMT 22 Jul 86

[Text] Beijing, July 22 (XINHUA) -- Xu Huizi, deputy chief of general staff of the Chinese People's Liberation Army, gave a banquet here this evening in honor of Lieutenant General Hector Luis Rios Erenu, Argentine chief of staff of the Army, and a military manufacturing study group headed by Major General Raul Ricardo Mattiuzzi. In their toasts, Xu Huizi and Erenu hoped for continued development of friendly relations between the two countries, peoples and armies. The Argentine guests arrived here this afternoon at the invitation of the Ministry of National Defense and the Ministry of Ordnance Industry respectively.

EMBEZZLEMENT OF U.S. AID TO NICARAGUAN REBELS NOTED

HK211118 Beijing RENMIN RIBAO in Chinese 18 Jul 86 p 7

["Jottings" by Fang Qiu: "Make a Fortune Out of U.S. Aid"]

[Text] A considerable portion of the U.S. aid to the Nicaraguan antigovernment forces has reportedly lined the pockets of the Honduran military personnel. For this reason, the U.S. House of Representatives has investigated the whereabouts of the aid, totaling $14.1 million, allocated to the Nicaraguan antigovernment forces in 1985. The investigation results show that $1.3 million of aid has been turned over to the Honduran military personnel as bribes. Naming names, a representative from Maryland said that the former commander of the Honduran Armed Forces had taken exclusive possession of $450,000 and openly "transferred the money through a private bank" by checks. Consequently, American newspapers and magazines mocked the Honduran military personnel for "war profiteering." The Honduran military authorities naturally refused to admit what they had done, saying that the revelation was nothing but "guesswork."

People still remember that, some time ago, American newspapers and magazines disclosed that the leaders of the Nicaraguan antigovernment organizations had embezzled the "U.S. aid" and got rich by foul means. It is really a thrilling sight now that the Honduran military personnel have been added to the list.

The United States has long been engaged in the practice of "aiding" a group of people to overthrow a government it does not like. However, the money frequently ends by lining the pockets of some people and supporting a decadent force. In the final analysis, it has thrown good money after bad. But the U.S. authorities seem to persist in their obdurate stand. It looks as if the American taxpayers still have to waste money.

HUANG HUA ATTENDS CUBAN BALLET PERFORMANCE

OW241428 Beijing XINHUA in English 1422 GMT 24 Jul 86

[Text] Beijing, July 24 (XINHUA) -- Visiting Cuban ballet dancers enthralled the 1,600 Chinese fans at the Tianqiao Theater this evening with their beautiful dancing and superb skills.

Huang Hua, vice-chairman of China's National People's Congress Standing Committee, and Rolando Lopez de Amo, Cuban ambassador to China, were among the audience.

Headed by Fernando Alonso, a well-known dancer and an educator, the Camaguey Ballet is the first one from Cuba to perform in China in 20 years.

This evening's program included "Serpiente", "Pensamiento" and "Beethoven's No. 7 Symphony", showing a style combining classic ballet, modern dancing and Cuban folk dancing.

Some of the dancers were prize winners at international ballet festivals.

The Cuban ballet will give two more performances in Beijing and go on to perform in northeast China's Shenyang and Dalian.

CHU TUNAN MEETS SALVADORAN FRONT LEADERS

OW221020 Beijing XINHUA in English 1011 GMT 22 Jul 86

[Text] Beijing, July 22 (XINHUA) -- Chu Tunan, vice-chairman of China's National People's Congress Standing Committee, met here today Guillermo Manuel Ungo and Ruben Igancio Zamora, chairman and vice-chairman of the Revolutionary Democratic Front of El Salvador.

During the meeting, Chu expressed the hope that El Salvador and other Central American countries will solve their problems through peaceful consultation without outside interference.

The visitors arrived here July 17 at the invitation of the International Liaison Department of the Chinese Communist Party Central Committee.

ENVOY TO NICARAGUA PRESENTS CREDENTIALS

OW150640 Beijing XINHUA in English 0614 GMT 15 Jul 86

[Text] Managua, July 14 (XINHUA) -- The Chinese ambassador to Nicaragua, Yu Chengren, today presented his credentials to President Daniel Ortega. Yu conveyed greetings to Ortega from Chinese President Li Xiannian and Premier Zhao Ziyang.

President Ortega expressed his thanks for the greetings. China and Nicaragua established diplomatic relations in December 1985. Yu is the first Chinese ambassador to the Central American country.

BAN YUE TAN ON SAFE, CHEAP NUCLEAR POWER

HK240911 Beijing BAN YUE TAN in Chinese No 13, 10 Jul 86 pp 19-21

[Article by Li Anding: "Nuclear Power -- A Safe and Cheap Energy Source"]

[Excerpts] At an international conference held not long ago, Chen Zhaobo, vice minister of the Ministry of Nuclear Industry of China, told the press: During the Seventh 5-Year Plan period, China will complete the construction of the 300,000-kilowatt nuclear generator group of the first phase of the project of the Qinshan nuclear power plant in Zhejiang and will start the construction of two 600,000-kilowatt nuclear generator groups of the Daya Bay nuclear power station in Guangdong. After their completion, these projects will annually generate 20 billion kilowatt-hours of electricity for the economically-developed areas in the southeast of China. This announcement means that generating electricity with nuclear energy, which has been discussed for many years, will finally be realized in the Seventh 5-Year Plan period. [passage omitted]

China's nuclear industry system was set up in 1955. In addition to successfully manufacturing atomic bombs, hydrogen bombs, and nuclear submarines, which have effectively increased the national defense strength of our country, we have also taken firm steps forward in the peaceful use of atomic energy in the past 30 years or so. [passage omitted]

In discussing the merits of nuclear energy in the present world, we should put the generation of electricity with nuclear energy in the first position. Electricity generated with nuclear energy has become an important kind of new energy source for replacing the traditional energy sources (that is, coal, oil, and hydropower). Today, the volume of electricity generated with nuclear energy accounts for more than half of the total volume of electricity generated in France, Japan, and Taiwan of our country. The volume of electricity generated with nuclear energy of the United States, the Soviet Union, and 24 other industrialized countries accounts for 15 percent of the world's total volume of electricity generated. It is estimated that in the year 2000, 40 percent of the electricity generated in the world will come from nuclear energy.

In our country, the idea of developing nuclear power was first put forward by Comrade Zhou Enlai in 1970. Following scientific expositions and evidence in various aspects in the past few years, our country has regarded the development of nuclear power as an established national policy. The establishment of this national policy was based on the following three factors:

First, a shortage of energy and communications facilities has become a factor restricting the development of the national economy. Moreover, our country's resources of traditional energy sources are mainly located in the northwest (coal) and southwest (hydropower). There is a serious shortage of these resources in the east where the economy is more developed. A 1 million-kilowatt thermal power station built in the east needs 3 million tons of coal each year, which is transported with 60,000 railroad cars. [paragraph continues]

If a nuclear power station with the same capacity is built, the volume of fuel needed each year is less than 30 tons and not even one railway car is needed for the same purpose. The cost of production of nuclear power is only one-third to half of that of thermal power. Besides, there will not be large quantities of waste, or pollution of the environment. The construction of nuclear power stations along the southeastern coast is indeed a way of killing many birds with one stone in solving the problem of an energy shortage in this area.

Second, China is relatively rich in nuclear energy resources -- uranium -- and is one of the five countries that are richest in natural uranium deposits.

Third, China has already set up a complete system for the nuclear industry. It has 10 atomic reactors for scientific research and production and a powerful contingent of technological workers. This has provided the technological conditions for developing nuclear power.

As a result of fear of nuclear weapons and of the recent accident at the Soviet Chernobyl nuclear power station, most people worry whether it is safe to use nuclear energy for generating electricity. Scientific practice has told us that contrary to the worries of many people, nuclear power is a kind of safe energy source. [passage omitted] Recently, our country set up a specialists committee for nuclear safety to strengthen the management of nuclear safety, to make the work of nuclear safety more scientific, and to uphold the basic principle of putting safety and quality in the first place.

According to what people concerned disclosed, China has started to follow the tracks of the world's advanced technology and is carrying out research on the next generation of reactors.

It is expected that by the end of this century, the generation of electricity with nuclear energy will occupy a decisive position in our country's modernization.

NEW FIGHTER AIRCRAFT TESTING SYSTEM DEVELOPED

HK240846 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1139 GMT 23 Jul 86

[Text] Hong Kong, 23 Jul (ZHONGGUO TONGXUN SHE) -- JIEFANGJUN BAO reports that the Chinese PLA has recently succeeded in experimentally using the first set of vehicles for testing ultrasonic fighter aircraft of a certain model, it is learned from Beijing. The vehicles have passed expert approval. Being mobile and easily operable, they can be used in airfields in various parts of the country.

This set of vehicles comprises vehicles for testing aircraft, arms, instruments, electrical systems, and electronic installations. They are equipped with micromechanical devices, closed-circuit televisions, motor monitors, radar detectors, and air-conditioners. By being connected with their relevant instruments and installations, they can directly monitor and determine faults in the instruments and meters in the cockpit and in other equipment of the aircraft. This heightens the reliability and quality of maintenance servicing and shortens the time required for doing maintenance work, with efficiency increased by more than 10 times on average.

LIAOWANG VIEWS DEFENSE STRATEGY SEMINAR

HK241137 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 29, 21 Jul 86 pp 6-8

[Article by Zhu Songchun: "Chinese Scholars Discuss Strategy for the Development of National Defense in Year 2000"]

[Text] An "academic seminar on national defense strategy for the year 2000 and systems engineering," which was convened by the Military Systems Engineering Commission of China, recently concluded. The meeting was held at the academy of military sciences in Beijing. Representatives of the Chinese Army, Navy, Air Force, and experts and scholars from relevant civilian departments, totalling over 100 persons, attended the seminar. The meeting received a total of over 60 theses.

The Studies of the National Defense Strategy Advances From a Closed to an Open State

The meeting produced various concepts, forecasts, and probes from various angles of national defense development in the year 2000 in conjunction with the realities of China and its Armed Forces. The scope of the these developed from general theorizing and qualitative analysis to a new stage of combining the application of systems engineering to carry out quantitative analysis. This shows that China's national defense strategic studies are advancing from a closed to an open state, reflects a new trend in which China's Armed Forces and national defense departments are actively strengthening lateral ties and are holding extensive academic exchanges with civilian experts and scholars on major affairs of state and national defense.

The well-known scientist Qian Xuesen said: "The application of systems engineering to study national defense strategy problems for the year 2000 is a good idea. It is two sides of one problem. If we can do this, I think that this will be a marvelous thing.... This is the first time in China that more than 60 theses are focused on this issue."

Deputy Chief of Staff Xu Xin said: "An upsurge in the study of China's national defense development strategy is now forming."

Some representatives of the Army said: In the past, few civilian personnel participated in the studies of the national defense strategy, and even inside the Army only a small number of people were involved in such studies. This seminar marked a good begining of the open studies of issues concerning military affairs and the national defense strategy.

Many experts and scholars held that China's economic construction and defense construction are now in the best form. In order to formulate the general strategic objective and task and to work out the concrete strategies for various departments in light of the domestic and international strategic circumstances, we need to draw up a general development program and guideline for the year 2000 and for the 21st century. To do this, it is necessary to first study the national defense strategy and guidelines for conducting defense construction, building the Army, and developing weapons and military equipment in peacetime, according to the general and top-level strategy and the state strategy. Only thus can the urgent needs of the Chinese Army in its reform and modernization in the new period be met.

The Change in the Strategy for National Defense Construction

In 1985, the CPC Central Military Commission decided that a major change should be brought about in the guiding principle for the PLA's national defense construction. That is, it should change from basing work on a combat-readiness posture of "fighting an early war, a major war, and a nuclear war" to the track of peacetime construction. This policy decision will have a decisive impact on the overall situation in national defense construction. This is China's main premise in determining its national defense strategy, and is also the general guiding principle for launching studies on development strategy.

Human history alternates between war and peace. According to historical data, from 3200 B.C. to 1964 A.D., some 14,500 wars of different scale occurred on our globe. Of the 5,000 years of human history, only 329 years did not see any war in the world. In particular, the two world wars in this century caused tremendous losses to all mankind, and partial wars continued to occur in the postwar years. All this has a psychological impact on people's minds. From a scientific point of view, no person can absolutely deny the probability of another world war in the future. However, in today's special international circumstances, people generally hold that it is possible to postpone the outbreak of major war, because the world is now situated in a "balance of terror" caused by the mutual deterrence and containment between the two blocs headed by the United States and the Soviet Union and because the preaceloving force is growing. This gives time to China to concentrate on economic construction. Economic strength is the main foundation for national defense. Only by developing the economy can national defense development have reliable backing. In recent years, because China implements a policy of opening up to the outside world and enlivening the domestic economy, China's economy has developed substantially. However, as compared with the developed countries, China still lags far behind. In order to advance economic construction in a country of a large population and a weak economic foundation, it is natural that defense expenditure must be retrenched. Only when the national economy develops to a certain level can defense construction make substantial advances. The key to drawing up the best development course for national defense construction under the premise of guaranteeing the fulfillment of the state's economic development plan lies in the appropriate application of the scientific methods of systems engineering to formulate an effective strategy for national defense development. This requires comprehensive analysis of the general goal and general task for national defense development by the year 2000, or in a longer time, so as to find out about relations among all relevant factors and work out measures and schemes for the realization of this general goal and task. The studies in this regard will provide a basis and reference data for the long-term defense construction program for the year 2000.

This meeting applied system dynamics, dissipation structures, coordinations, the index method, and other new theoretical methods to study national defense strategy from the angle of strategic concepts, the international environment, national defense strategy, military strategy, weapon development strategy, and also the strategies for the different branches of the Armed Forces and for civil defense construction. These studies reached a certain academic breadth and depth. [paragraph continues]

This method of holding a common exploration of high-level national defense strategy in the name of an academic society and combining the army and the civilians with the injection of many specializations of various sciences (natural science, social science, and military science), may provide a new form of consultative services for policymakers.

National Defense Strategy in the Eyes of the Experts

The experts attending the seminar put forward many original views on national defense strategy and counterstrategy in an unconstrained atmosphere.

-- About the concept of national defense strategy.

Zhang Jianzhi [1728 0256 1807], a scholar in the Army, held that in the studies of national defense strategy, the concept of strategy can be divided into four levels: national strategy, national security strategy or national defense strategy, military strategy, and war strategy. The strategy at a lower level should be subordinate to the strategy at a higher level and be conditioned and guided by the strategy at the higher level. The decisions made at the higher level should be the objective for those at the lower level. Thus, the strategic objective may be passed from top to bottom.

Wu Chunqiu [0702 2504 4428] from the academy of military sciences said: The basic characteristics of modern strategic theory are the expansion of the concept of strategy, the systematization of overall strategy, and the scientific strategic decision-making process. He also put forward a conception of China's strategy system. He held that the application of the viewpoints of the modern system's science to study the overall situation will enable us to better grasp the laws which guide overall decision making. A basic condition for basing the strategic decision-making process on a scientific system is to train a number of talented strategists. Without this basic condition, we will not be able to succeed. So, the process of building up a scientific system for strategic decision making is also a process of increasing the professional knowledge of the relevant personnel.

Qian Xuesen held that it is necessary to change the concept of overall strategy in the West into the concept of the national strategy in China. He said that China's national strategy is the quadruplication and attainment of a comfortably well-off living standard set by the 3d Plenum of the 11th CPC Central Committee; overall strategy comprises a whole series of political, economic, diplomatic, science and education, and foreign trade strategies adopted in order to realize the central authorities' guidelines and attain the national strategy. The national defense strategy for the year 2000 is a component part of this overall strategy.

-- About the international environment for the national defense strategy for the year 2000.

Cheng Ruisheng of the foreign affairs study association said when expounding on the international environment for national defense strategy that there are now two different analyses of the world situation. One stresses the role of the polarization of the United States and the Soviet Union, and the other stresses the role of multipolarization. [paragraph continues]

Cheng held that although the influence of these two hegemonists has weakened somewhat, they still play a role as the dominant factor. Polarization is a good as well as a bad thing, because the consequence of mutual confrontation acts as a constraint on the outbreak of a major war. He also said that in recent years some scholars in China and elsewhere have developed the view that due to the relatively fast economic development in the Asia-Pacific region, the center of the world has shifted to the Pacific, and the focus of the rivalry of the two hegemonists will also switch from Europe to the Asia-Pacific region. Actually the theoretical basis for such a view is incomplete; the focus of the rivalry will remain in Europe for the next 15 years.

Xi Runchang from the Research Institute of World Economics and Politics held that the main characteristic of the contemporary international strategic environment is that the whole world has entered a new period of a major historical change. A new technological revolution centering on advanced electronic and bioengineering technologies is affecting all aspects of human life, and it provides a good opportunity for major countries in the east and west to make use of all these new technologies. First, the United States and Japan and then Western Europe and the Soviet Union all have begun to pursue their national strategies aimed at the 21st century. For example, in the "high boundary strategy" of the United States, there is a well-known part -- the "star wars" program; Japan has laid down a strategy of "basing national development on science and technology"; Western Europe has its "eureka" program; and the Soviet Union has an "acceleration strategy." The rivalry for seizing the strategic initiative between the two major blocs and among the big powers has expanded from a trial of military strength to a contest of economic strength and technological development.

Rong Zhi from the international affairs studies center of the Ministry of Foreign Affairs held that both the two superpowers, the United States and the Soviet Union, are aware that their political differences cannot be resolved through war, and that there will be no winner in a nuclear war. This will make Clausewitz' famous thesis that "war is the continuation of politics" lost its universal significance. Rong Zhi said that although the superpowers are trying with caution to prevent a major war, both of them are still exerting themselves to expand armaments and step up war preparations. This unceasingly escalating arms race may be regarded as a means of "deterrence" rather than an "actual combat" action. Now the "deterrence strategy" is the main means of today's big powers for seeking their political interests.

Ye Zhangrong from the Research Institute of Western Europe held that a nation's strategy is mainly determined by such factors as its national and state interests; its strategic objective; its potential enemy; its social system and ideology; its political, economic, and military strength; its geopolitical and strategic position; the international situation; and the development of technologies, weapons, and equipment. Therefore, he said, the strategy of a nation is certainly based on the needs of its policies, and different countries have different security strategies. In view of Europe's relations with the United States and their different strategic viewpoints, we find tha China's strategic position is quite similar to Europe's in many aspects. So special attention should be paid to Europe's strategy. He proposed that China imitate Europe's pattern in the scale of its Armed Forces. He said that China can further reduce its army by hundreds of thousands of troops so as to streamline its Armed Forces.

Wang Shuzhong of the World Economic and Political Research Center said that China's future strategy can be analyzed from three different levels: in the first level it is held that there will be a relatively great flying leap in China's national strength; in the second, it is held that the contradictions between certain great powers may intensify; and in the third, it is held that due to the rise of China, major changes will occur in the U.S.-Soviet bipolar structure. Western strategy is precisely built on playing the China card on the basis of this analysis. He pointed out that due to the growth in China's economic strength, its international status will change continually, and it is estimated that if the gross national product of the western countries grows by an annual 3 percent while China's grows at 8 percent, then China will climb from its present eighth position to fifth position in the world table by the year 2000. He held that by that time the world pattern will no longer be a bipolar affair; instead it will be a tripod.

Guo Zhenyuan of the International Affairs Study Center of the State Council held that the new technological revolution has accelerated the conveyance of information in society, and the earth has become smaller and more transparent. This will speed up the changes in international relations, promote international economic development, enable people to produce more sophisticated weapons, stimulate the escalation of the arms race, and strengthen the deterrent role of the new weapons. In particular, the new strategy based on the new technologies of conventional weapons -- the theory of "low intensity strategy"-- has become a new trend which reflects the influence of the new technological revolution on the development of military strategies. Guo also held that the new technological revolution will turn the world into a multipolar pattern and will finally bring about a number of coexistent power centers. The dominating role of the United States and the Soviet Union in international affairs will be gradually weakened, science and technology will greatly determine a nation's strength and will play a more important role in international affairs.

-- About the military strategy and counterstrategy for national defense.

Mi Zhenyu and Chen Weimin of the Military Science Academy pointed out, when expounding on national defense strategy and counterstrategy, that all countries have different relations of advantages and disadvantages in the international environment, but the most essential component is economic interests. To extrapolate war or its basic functions from this, we may find that the use of violence just serves the purpose of preserving or pursuing economic interests. The fundamental constraining factor as to whether violent methods can be used is the weighing of national interests. They also put forward a new concept of "fluid economics," and held that rivalries over economic interests in the world are mainly centered on a fluid economy, and the probability of war breaking out due to fluid economics is the greatest. At present, the main international passages are divided into two systems. One is the "continental passage system" composed mainly of railways; the other is the "oceanic passage system" composed of major waterways. From the strategic angle, the contention and confrontation over these two passage systems is the focus of the U.S.-Soviet rivalry for world hegemony. This rivalry often brings about hot spots that effect the world situation in the areas where the two passage systems converge. Europe is the place where the two passage systems converge, so from the viewpoint of fluid economics, Europe will continue to be the strategic focus of the U.S.-Soviet rivalry for world hegemony.

Deng Sanrui of the Harbin Ship Engineering College said that the strategy our country should adopt for the next 20 years should serve the purpose of maintaining peace and order by using military forces. He said that it is not good to merely maintain an army without using it for a long time. Although we have solved this problem in general principle, we have not yet solved the series of problems caused by the old principle of "building up a small but comprehensive weapon system which includes all weapons that other nations have" in the new historical conditions.

Su Enze of the Air Force Engineering Institute pointed out that China has to adopt the concept of "wisdom strategy" and in connection with reality set to work to develop wisdom strategy from the perspective of information, equipment, talent, and organization. The wisdom strategy is relative to the "courage strategy" and the "strength strategy." The former lays stress on wisdom and resourcefulness rather than on force of arms. So trade, science, technology, education, and diplomacy all belong to the category of the wisdom strategy. The aim of the wisdom strategy is to seize opportunities, gain time, develop longer-term plans, work at a fast rhythm, stress transformation into the excellent, and skillfully occupy the high ground in intelligence.

This meeting attracted great interest and close attention from people in the military and in the civilian circles. The opinions of the experts have been sorted out and submitted to the authorities concerned and will be taken as major reference aids in the national defense strategic decision making.

YU QIULI HEARS BRIEFINGS ON PARTY STYLE

OW182121 Beijing XINHUA Domestic Service in Chinese 1333 GMT 17 Jul 86

[By reporter Gai Yumin]

[Text] Beijing, 17 Jul (XINHUA) -- The PLA General Political Department recently held a meeting on the political work of units directly under its control, requiring these units to continue to carry forward the Army's fine tradition and to serve the Armed Forces better.

Director Yu Qiuli and Deputy Directors Guo Linxiang, Zhou Keyu, and Zhou Wenyuan of the General Political Department heard briefings on the rectification of party style and the improvement of work style in the units directly under the department. They called on the cadres and party members in these units to set an example for all other members of the Armed Forces in rectifying party style and improving their work style.

Most of the units directly under the General Political Department are engaged in literature and art, sports, journalism, or publishing work. They mainly turn out intellectual products to serve the strengthening of Army building and the improvement of the Armed Forces' fighting capacities. The meeting held: In the war years, they fought side by side with commanders and fighters. Thus, they created many excellent works to publicize the party's line, principles, an[illegible]icies as well as heroes and models and to boost the morale of the Army, thus contributing to our revolutionary cause and Army building. Under new historical conditions, we should inherit and carry forward this tradition and produce more and better intellectual products to educate and influence our troops and to encourage them to contribute to the four modernizations.

In recent years, units directly under the General Political Department have made tremendous achievements in correcting thier guidelines for work and adhering to the correct orientation of literature and art, journalism, and publishing work serving the Armed Forces while rectifying the party style. The meeting urged these units to continue serving the Armed Forces well. The leaders of the units should organize their subordinates to dilegently study Marxist theory in order to lay a solid theoretical foundation and to adhere to the correct orientation. It is necessary to continuously step up the study of the policies on propaganda and on literature and art laid down by the party Central Committee and its Military Commission. What we promote and what we oppose must be in conformity with the instructions of the party Central Committee and its Military Commission, and be conducive to the strengthening of Army building and the improvement of the Armed Forces' fighting capabilities. We should blaze new trails according to the special characteristics of the Armed Forces and on the basis of continuing our fine tradition, We should boost the morale of the Armed Forces and promote Army building through new art and literary works with new content.

The meeting also called on Army writers and artists to make it a practice to go among troops to temper themselves ideologically and to cultivate a fine work style and to persist in doing so in order to contribute more to Army building.

PLA LAUNCHES 3-YEAR LEGAL EDUCATION PROGRAM

OW250148 Beijing XINHUA in English 0127 GMT 25 Jul 86

[Text] Beijing, July 25 (XINHUA) -- The People's Liberation Army, China's Armed Forces, has begun a three-year education program on China's developing legal system as part of its ongoing effort to improve solider's political awareness.

The program, the first of its kind within the PLA, began June 1, according to the PLA General Political Department.

The program is part of a national five-year effort to familiarize China's people with the country's laws and legal system.

Soldiers of all ranks will study China's Constitution, criminal law, military service law, marriage law and civil code, as well as regulations governing offenses against public order and regulations dealing with military personnel who neglect their duties. Already, the PLA officer said, all of the PLA's three million soldiers have received a pamphlet on Chinese law.

To prepare for the massive education program, the PLA has trained 40,000 instructors since June 1985, he said.

WU XIUQUAN AT LIAONING MILITARY MUSEUM CEREMONY

SK240938 Shenyang LIAONING RIBAO in Chinese 12 Jul 86 p 1

[Text] On the morning of 10 July, a foundation stone-laying ceremony for a museum to commemorate the Liaoxi-Shenyang Campaign was grandly held. Wu Xiuquan, chairman of the museum construction committee, and the committee members present at the ceremony jointly laid the foundation stone.

Comrade Ye Jianying wrote the name of the museum.

Chairman Wu Xiuquan gave a speech at the foundation stone-laying ceremony. He said: The Liaoxi-Shenyang Campaign was the first of the three decisive campaigns of the war of liberation. Victory in this campaign promoted the success of the Beiping-Tianjin and the Huai-Hai campaigns. The construction of this museum has played an important role in conducting education on revolutionary traditions and on patriotims, revolutionary heroism, and communism and in strengthening the building of the two civilizations.

The foundation stone-laying ceremony was attended by some 1,500 people, including vice chairman of the museum construction committee, the committee members, leading comrades of party and government organs of Liaoning, Heilongjiang, Jilin, and Hebei Provinces and Nei Monggol Region, responsible persons of the central state organs, the PLA units stationed in Jinzhou City, and the Jinzhou City party, government and Army organs, as well as personages from all walks of life.

DISCIPLINE COMMISSION HOLDS GUIYANG FORUM

OW180129 Beijing XINHUA Domestic Service in Chinese 1402 GMT 17 Jul 86

[By Central People's Broadcasting Station reporter Zheng Daqi and XINHUA reporter Chen Yunzhen]

[Text] Guiyang, 17 Jul (XINHUA) -- The Central Discipline Inspection Commission held a discipline inspection work forum of the southwestern and northwestern regions in Guiyang from 10 to 16 July. Responsible persons of the Discipline Inspection Commission in Yunnan, Guizhou, Sichuan, Shaanxi, Gansu, Ningxia, Qinghai, Xizang, and Xinjiang reviewed progress and exchanged experience in rectifying party style in their respective provinces or autonomous regions. They also discussed and mapped out plans for the next 6 months, work.

Participants at the forum noted that, as in the country as a whole, a new situation of mobilizing all party members to improve party style has emerged in the southwestern and northwestern regions since the 8,000-strong rallies of central organ cadres held earlier this year. Despite a positive trend in party style improvement, the task remains formidable. Therefore, it is necessary to continue to pay serious attention to rectifying party style and perpetuate the positive trend, in line with the principles and arrangements drawn up by the party Central Committee.

Wang Heshou, second secretary of the Central Discipline Inspection Commission, spoke at the closing of the forum. After confirming the excellent situation of mobilizing all party members to improve party style, he emphatically pointed out: While sparing no effort in investigating and handling serious and major cases, it is necessary to conduct education in professional ethics among all trades and professions, and encourage party members, workers, and staff to transforn their ideal of dedicating themselves to the cause of communism and the modernization drive into concrete action. Doing a good job in work in this field, which means education in party spirit, socialist ethics, and discipline, will bring about a big improvement in party style and a drastic decline in unhealthy tendencies.

Qiang Xiaochu, secretary of the Central Discipline Inspection Commission, chaired and made a summing-up speech at the forum.

He stressed the importance of correctly handling the relationship between rectifying party style and carrying out reform to invigorate the economy, paying keen attention to intensifying education in party spirit, style, and discipline, and of further promoting the positive trend in improving party style. He pointed out that the party Central Committee's principles, policies, and measures for rectifying party style are entirely correct and enjoy popular support, and that the work of rectifying party style has progressed in a wholesome manner, and has been fruitful.

Qiang Xiaochu said: The question of party style is ultimately a question of intensifying education in party spirit. While checking unhealthy practices and investigating cases of violating discipline, discipline inspection commissions should strive to revive the three major practices in party style and intensify education in party spirit. Aside from investigating cases of violating discipline, discipline inspection commissions should sum up positive and negative experiences and use both examples, especially negative examples, to conduct education in party spirit, style, and discipline in order to enhance the party spirit concept and political consciousness among the large numbers of party members and cadres, and educate them to build a party serving the interests of the people.

Qiang Xiaochu said: Although it is necessary to fully confirm the achievements already scored, they should never be overestimated. We should note soberly that the work has progressed unevenly. Problems already brought to light have not been thoroughly handled, and new conditions and problems need to be studied and resolved in various trades, where rectification of unhealthy practices has just been started. Therefore, we should neither waver nor relax vigilance in implementing the party Central Committee's principles for rectifying party style.

GONGREN RIBAO VIEWS SOCIALISM, HUMANISM

HK241025 Beijing GONGREN RIBAO in Chinese 18 Jul 86 p 3

[Article by Xu Jingchun: "Socialism and Humanism"]

[Text] Many theoretical workers dealt with the relationship between socialism and humanism long ago, and there was at one time an upsurge in its study. The reason why I pick up this old topic again is precisely because in reality, people are not quite clear about the relationship between socialism and humanism, and they have misgivings and misunderstandings of all descriptions concerning humanism. Therefore it is necessary to conduct some exploration and discussion on this topic, with the aim to acquire unanimity in understanding.

Humanism is relative to the ways of God. The new-rising bourgeoisie and the people hoisted the banner of humanism, and talked about man and humansim at great length in their struggle against God and the ways of the God of feudalism, in order to free themselves from the yoke of feudaul rule, religion and theology during the Renaissance between the 14th and 16th centuries. Humanism advocates human equality, and safeguarding human dignity and rights. Doubtless, humanism is a revolutionary slogan, and a progressive one. This slogan is not only useful to capitalism, but also very important to socialism, especially in a country like ours, which has a long history of feudal rule. [paragraph continues] e should not neglect the following basic fact: Old China has left us more traditions of feudalism and autocracy then democracy and liberty; or rather, more highhanded ways than humanism. The existence of such leftover ideas as patriarchal clans, and a hierarchal system, personal dependency, some phenomena of inequality in the cadre-mass relations, the negation of human values and the emancipation of individuality, as well as the autocratic style in the ideological and cultural realms, all this has demonstrated that the pernicious influences of feudalism are still great in many respects. Causes leading to such a situation are manifold. However, an important factor among them is the failure to hoist the banner of humanism over a long period of time; some people even evade humanism, as if the mere mentioning of humanism would be propagating capitalism, bourgeois liberalization, and going in for spiritual pollution. Others take the feudal position in fighting against humanism. As a result, the application of humanism in China has become narrower and narrower in scope; and the concept can be used only with all kinds of restrictious under specific conditions.

Some people have tried to put a class origin label on humanism, saying that humanism is bourgeois ideology, and that we belong to the proletariat, and we choose socialism; therefore, it is necessary for us to draw a demarcation line between the bourgeoisie on the question of humanism. Such an argument appears to be reasonable, but in essence is very naive. If capitalism advocates humanism, why should our socialism not? If the rights to use such slogans as liberty, democracy, humanism, and human rights should all be given to capitalism, saying that all this belongs to capitalism, then, what is left for socialism? Can there be only "dictatorship," "supression," and "struggles" to speak of? If that is the case, who would choose socialism?

"We should give up whatever the enemy is exploring, and adopt only what the enemy has given up; what great disasters such metaphysical idealistic views have brought us! Today, we are going in for reform and opening up, many slogans which used to be regarded as bourgeois slogans in some people's eyes have been accepted by more and more people, such as the competition consciousness, entrepreneurship, and the concept of value; this is progress. However, some people are still speaking of humanism with lingering fear. Is it not true that many people are vying for cars, color television sets, cameras, refrigerators produced by capitalism, nor is it denied that they are good? Then why should we not accept the slogans once used by capitalism? Is it not similar to the case of "hating the bird out of hatred for its owner?"

The ownership of humanism as a slogan, a revolutionary and progressive one at that, does not belong to capitalism only. Whether a slogan or concept can be adopted by us should not be determined by one's personal prejudice, but social needs. Comrade Deng Ziaoping solemnly pointed out:" The task of eradicating the leftover influences of feudalism in the ideological and political spheres failed to be completed because we underestimated its importance, and rapidly switched to socialist revolution. Now we should explicitly propose the task of continuing the eradication of leftover effects of feudalism in the ideological and political spheres, at the same time a series of down-to-earth reforms should be carried out in the system, otherwise the country and the people will suffer losses again." [paragraph continues]

The channels to eradicate the leftover effects of feudalism in the ideological and political spheres are manifold, but advocating and pursuing humanist principles is an important one. Regarding its ideological system, humanism is the opposite of feudalism. Humanism was once a banner in fighting against feudalism. When humanism is universally the rage, it will inevitably be the day for feudalism to struggle on its death bed. We should not regard humanism as something "patented" by capitalism. As a powerful weapon in the struggle against feudalism, humanism should belong to all freedom-loving and democratic societies and their peoples. Socialism has no grounds to evade humanism, but needs a more thorough humanism. A more thorough and a higher-level humanism will inevitably emerge in socialist society.

As we are going in for reform, an important point is to stir up enthusiasm for creation in every body. Therefore, it is vitally important to study human needs, human equality, human values, and human rights if reform is to be carried out smoothly. The word "humanism" should be sharply written on our banner of reform. This is the need of reform as well a the inevitability of reform, and humanisim should be contained in its essence.

CHINA DAILY COLUMINIST ADVOCATES NEWSPAPER DEBATES

HK240710 Beijing CHINA DAILY in English 24 Jul 86 p 4

["It Seems to Me" column by Zhang Xueshan]

[Text] It still doesn't seem too long ago that an economic symposium, held last summer on a boat cruising down the Yangtze River, depicted China as travelling through its economic reforms as if straddling two boats, one new and one old.

For this situation still applies. It's indeed rare that one economy should operate in "two tracks," as economists describe it -- especially so when this phenomenon is so widespread, covering "virtually every economic sector," in the well-known economic Liu Guoguang's words.

There are broadly different prices for the same commodity, diverse employment systems in the same factory, and variable interest rates for loans.

Economists say "double tracks" are desirable at present. They promote a comparatively smooth transition of the economy -- by giving signals of right prices and correct actions, thus leading toward a "soft landing" of reformm instead of a "hard crash" in which things are upset by many sudden changes.

But this means that our enterprise managers -- the "drivers" -- may face two sets of traffic rules. The economist Liu made a good comparison: "When cars are now driven on the right and now on the left, there are unavoidable collisions."

The vice-president of the Chinese Academy of Social Sciences recently reiterated that practices that belong to the old economic structure should not be allowed to continue for long.

So much for economic "double tracks." Similar situations exis in other areas of Chinese life, even in the way people think.

For instance, a headline in the latest issue of the magazine WOMEN OF CHINA affirms the traditionally endorsed role of women as "virtuous wives and good mothers. Isn't this a blatant offence to my old classmates who have now earned high academic degrees but are still single?

Fortunately, that headline voiced only one side of a debate in the periodical about women's role in today's China. Unquestionably, it does not reflect the view of all the editors.

But I wouldn't be surprised if some readers wonder: "Is this the policy of the All-China Women's Federation (sponsor of the magazine)?" Or, even worse, "Is this a sign of a retreat to feudalism?" Such misunderstandings have surfaced in other debates over the years.

Differences of opinions have always been sensitive issues. For many centuries in this land, a little difference of opinion, especially about national decisions, might be suspected of being subversive.

Now that it is realized that our society needs to strengthen democracy for all the people, and that the political structure needs some reform along with that of the economy, expressions of opinion have become lively, and open debates have proliferated.

Many people have become familiar with such names as Li Yining, professor of economics in Beijing University, and Liu Zaifu, senior research fellow in the Chinese Academy of Social Sciences. Not necessarily because theirs are the most authoritative theories, but because they have had the courage to provoke debate in their respective fields.

But this is also where "double tracks" in thinking affect debate. On the new track, all responsible views, whether pro or con, are welcomed. On the old track, such arguments are regarded as bewildering ("How can they talk that way in a party newspaper?") For in the past, every article in a party newspaper was considered the voice of authority, and nothing else.

To help its young readers get off the old track, the newspaper CHINESE YOUTH JOURNAL published an article specially dealing with this bewilderment, telling them that newspapers should carry out debates, and debates naturally involve differing views.

When TIME Magazine commented that the Chinese seem not yet ready for the "automobile age," it was in a way quite right, considering the chaotic manner in which pedestrians and cyclists crowd city streets.

Similarly, many in China have yet to adapt totally to debates in newspapers. Chinese journalists face years of patient and unrelenting work, to make their ways of running debates acceptable to all.

One of my friends was once asked in all seriousness by a foreigner whether a cartoon published in a Chinese newspaper was "drawn according to the central leadership's instructions."

A funny question; But it is understandable in retrospect: Lack of free discussions in the past distorted our own image. And some outsiders are still remaining in their "old track" when they think of today's changing China.

OFFICIAL SURVEY URGES SPEEDIER ECONOMIC REFORM

HK240700 Beijing CHINA DAILY in English 24 Jul 86 p 1

[By staff reporter Wang Gangyi]

[Text] The rapid development of trans-regional economic co-operation throughout China is putting pressure on central government to speed up its reforms of the country's management and financial systems.

According to a survey conducted by the State Commission for Restructuring Economic Systems in 14 provinces and autonomous regions, the number of industrial, commercial and technological business groups had reached more than 10,000 by the end of May and 36 trans-regional economic cooperation zones had also been formed.

These set-ups, commonly described as "horizontal links," have been developed with the encouragement of the central government to phase out the "vertical" administrative control that prevailed under the old central planning system, when firms and factories could deal only with the government departments to which they were affiliated.

The survey indicated that the formation of enterprise groups would have a positive influence on the progress of the current economic reforms.

The emergence of huge industrial and commercial groups formed among the country's backbone enterprises, small factories and related scientific research institutes and universitities in automobile, electric, electronic and mining equipment industries would bring about a fundamental change in China's industrial management and planning systems, the survey said.

It was concievable that the country's industrial management -- including planning, funding and raw material supply -- would be conducted through hundreds of such groups in future rather than through administrative channels, it added.

But the development of industrial and commercial groups is being hampered by administrative interference from central departments or local governments, who control fund allocation, supplies of raw materials and decision-making power in construction projects under the current planning system.

Under the present financial system, central departments and local authorities benefit from affiliated enterprises and are responsible for their losses.

This system is proving to be a disincentive to trans-regional economic co-operation and in some cases is even restricted by government organizations unwilling to lose any of their existing income.

The survey noted that cooperation between smaller enterprises and research bodies had accelerated the transfer of technology into productivity, but added that such links were being hampered by bureaucratic problems among major businesses and institutes.

The survey urged central government to adopt more incentives to promote co-operation of this kind.

ARTICLE VIEWS ECONOMIC RESPONSIBILITY SYSTEM

HK221302 Beijing GUANGMING RIBAO in Chinese 12 Jul 86 p 3

[Article by Liu Da: "Implementation of the Economic Responsibility System and Increase of Bonuses"]

[Text] When we stress the necessity of applying various forms of the economic responsibility system, we often hear the directors (managers) of enterprises complain of too small amount of bonuses to workers and other employees. Particularly after enterprises launched wage reform at their own expense last year, such complaints became very loud for a time. For example, some factory directors complained: "The monthly per-capita amount of bonuses is only 3.8 yuan. Workers do not care for such small amount of bonuses even though it is completely deducted. Therefore, the economic responsibility system does not work to encourage them." In all enterprises where such complaints were often heard, the effort to consolidate the economic responsibility system was not quickened but slackened during last winter and this spring.

The emergence of such a situation was due to the fact that bonuses were reduced after enterprises launched wage reforms at their own expense. In the past few years, bonuses almost increased year after year, so cadres and workers naturally equated bonuses with the economic responsibility system. Consequently, people thought that the economic responsibility system was based on bonuses and to implement the system was to get more bonuses.

It must be pointed out that the aforesaid view is not comprehensive at all and such view undulates the implementation of the economic responsibility system along with the amount of issued bonuses. The economic responsibility system must be linked with bonuses but it is not equal to the bonus responsibility system. The system of rewards and penalities which is adhered to the economic responsibility system is related to the bonus system, but we should not simple equlate the two things, because all forms of the economic responsibility system are based on different production tasks assigned to workers. The fulfillment of these tasks is closely related to the whole income of workers, while bonuses are only an encouragement for overfulfillment of the production quota. This is how some enterprises let a part of basic wages of workers fluctuate according to the economic responsibility system. The material benefits of all workers and other employees and personal income should be improved and increased along with the development of production and economic performance of their enterprises. At present, many enterprises improve collective material benefits and personal income by means of bonuses. This should not be regarded as a basis for reform of the present distribution system. We should not misunderstand that economic responsibility is based on bonuses and that there is no economic responsibility system if no bonuses are issued.

It is thus clear that in viewing the implementation of the economic responsibility system, we must not see the effect of bonuses only, what is more important, we must guide workers and other employees to have an overall understanding of the economic responsibility system.

RENMIN RIBAO ON ENSURING STATE TAX REVENUE

HK220713 Beijing RENMIN RIBAO in Chinese 18 Jul 86 p 2

[Commentator's article: "Safeguard the State's Taxation"]

[Text] Taxation is an important economic lever for regulating production, revenue, and distribution. Both enterprises and individual industrial and commercial operators should pay taxes according to the relevant laws and regulations so as to make contributions to state accumulation. This is of great significance in ensuring state financial balance, promoting steady development of the national economy, and smoothly advancing the economic structural reform.

In recent years, the tasks for collecting industrial and commercial taxes in our country have been overfulfilled. Taxes have become an important income source of state finances. However, some people still disregard the tax law and cases of evading or refusing to pay taxes still occur from time to time. Some enterprise leaders also adopt various means to evade taxes in order to seek selfish interests for their enterprises. Some individual industrial and commercial operators even rudely hinder tax collectors from performing their duties by beating up tax cadres or besieging tax offices. All this has caused serious losses to state tax revenue. Another noticeable fact is that some leading comrades shut their eyes to problems in tax collection work, or even defend tax evasion actions by various excuses. For example, some leading organs use their power to change the state taxation policy without authorization, and reduce or exempt the taxes that some enterprises and people should pay. Fulfillment of the tax collection task in the first half of this year was not satisfactory enough. Among the many reasons, a major one is the human factor.

To strictly enforce the tax law, we should correctly understand and handle the relationship between decontrolling and enlivening economic activities and tax reduction and exemption. Tax reduction and exemption should be brought under strict control. This will not only ensure the state tax revenue, but will prompt enterprises to improve their economic results through tapping their internal potential. Lavishly reducing and exempting taxes is not an action of supporting the enterprises. Serious tax evasions have nothing to do with "enlivening markets."

The tax department is an organ to enforce the tax law, so it must safeguard the sacrosanct nature of the tax laws and regulations and must perform its duties honestly and impartially. Leading organs at all levels should understand and support its work. No person is allowed to hinder its work. People who defy tax laws and violate criminal law must be severely punished.

The tax collection organs should enhance the quality of their personnel, and take serious steps to correct the rough work style of some personnel. In addition the irregular practice of some personnel, who use their tax collection power to seek private gain, should be checked to improve their work and ensure state tax revenue.

RENMIN RIBAO ON ENHANCING ENTERPRISE QUALITY

HK220721 Beijing RENMIN RIBAO in Chinese 18 Jul 86 p 1

[Commentator's article: "Improve the Quality of Enterprises in an Overall Manner"]

[Text] The State Council's "Decision on Strengthening the Management of Industrial Enterprises" sets forth a strict demand of "grasping management, upgrading enterprise quality in an all-round way" on all enterprises. This is an urgent task in our economic work during the seventh 5-Year Plan period.

The main reason for the low productivity and quality of our enterprises is backward management. At present, the equipment and technology in many enterprises are not modern, and their management is even more backward. Management in many enterprises remains at the level of the 1950's and 1960's. Some even still use the outmoded management methods of handicraft workshops. In order to develop production, it is not enough to merely increase funds, expand plants, and modernize equipment and technology, it is also necessary to rationally organize and scientifically manage such production factors as manpower, materials, and financial resources. If no attention is paid to improving management, various links of an enterprise will not be properly coordinated. Loopholes will appear everywhere, and the enterprise will not be able to bring its strength into full play. Henceforth, all enterprises should take measures to improve their management in order to achieve the purpose of raising product quality, lowering the expense of materials, and enhancing economic efficiency. Thus, they will be able to utilize all of their manpower and materials and will be able to become "second-class enterprises," "first-class enterprises," and "special-class enterprises."

To enhance the enterprises' management quality, we must not merely indulge in empty talk and issue ordinary calls; instead, we must take concrete policies and measures. The State Council's decision includes some concrete policies. We should give awards to encourage advanced enterprises that have good management quality and should properly urge those that lag behind. The quality of enterprise management should be linked with enterprise material interests so as to effectively prompt enterprises to make efforts to improve their management.

Modern production and socialized operations require that enterprises have a highly centralized direction system to conduct scientific management. The State Council's decision stresses that in the Seventh 5-Year Plan period, all industrial enterprises owned by the whole people must adopt the factory director responsibility system so that factory directors can have the power to decide personnel appointment affairs. This reform measure will lay a solid foundation for more efficient enterprise management. Only when factory directors have the decision making power, corresponding to their posts, can they effectively direct the operation of their enterprises and coordinate all parts of the enterprises to work for the common purpose of improving enterprise management. The State Council's decision also calls for continuing to improve the enterprises' internal economic responsibility system, the workers' democratic management system, and strengthen ideological and political work so as to arouse all workers' enthusiasm for improving management and upgrading enterprise quality.

In the present world, science and technology are unceasingly developing, and the so-called "advanced international standards" are also continuously being updated. There will be no limit in our efforts to improve enterprise management. The decision says that advanced enterprises should not be regarded as permanently advanced. This prompts enterprises to make unremitting efforts to improve their management and enchance their operation quality in an all-round way so as to deep pace with the advance of the times.

STATE COUNCIL REGULATIONS ON ACCOUNTANTS

OW101306 Beijing XINHUA in English 1202 GMT 10 Jul 86

[Text] Beijing, July 10 (XINHUA) -- The State Council has issued a detailed regulation on the rights and duties of certified public accountants in accordance with the accounting law which went into effect on May 1.

Chinese citizens with a college background and over three years accounting and auditing experience can apply to take the certification examination. The exam will be led and supervised by a national committee organized by the Ministry of Finance, says regulation published today.

Those who pass the examinations will become certified accountants with the approval of the Finance Ministry or the provincial department level. Certifications will be issued by the Finance Ministry. No state functionaries who hold government positions can act as certified accountants.

The 30-article regulation also details the rights and duties of accountants, the functions of accounting offices, and the rewards and penalties. The regulation will go into effect on October 1.

LI PENG TO CHAIR UNIVERSITY, MIDDLE SCHOOL GAMES

OW161133 Beijing XINHUA in English 1008 GMT 16 Jul 86

[Excerpt] Beijing, July 16, (XINHUA) -- Vice-Premier Li Peng will preside over the second Chinese national university games and the third national middle school games due next month, according to a spokesman of the Chinese State Education Commission.

Vice-Minister of the Commission Zou Shiyan announced at a press conference here this morning the list of a 12-member presidium with Li Peng at its head.

The second national univeristy games will be held from August 4 to 8 in Dalian in northeastern China while the national middle school games is scheduled to be staged in Anshan also in northeastern China from August 12 to 15.

Both games will feature only two events of basketball and athletics. The university games have drawn a total of 2,396 athletes and basketball will be participated by 840 cagers. [passage omitted]

JINGJI RIBAO ON HANDLING INSOLVENT ENTERPRISES

HK231335 Beijing JINGJI RIBAO in Chinese 19 Jul 86 p 3

[Article by Tang Zongkun: "The Limit and Basis of Handling Insolvent Enterprise"]

[Text] In China, the idea of formulating and implementing an enterprise bankruptcy law has been raised because of the fact that in practical economic life socialist enterprises are responsible only for their profits and not for their losses. Many enterprises have failed to turn losses into profits for a long time. For this reason, it is quite natural that people should regard enterprises operating at a heavy loss, whose assets cannot offset their debts, as bordering on bankruptcy. However, this view cannot stand close scrutiny.

If an enterprise should not announce its bankruptcy until its assets cannot offset its debts, how will it handle its debt relations with its creditors when it has not reached a point where its assets cannot offset its debts but it was unable to repay its outstanding debts long ago?

Conversely, although an enterprise has reached a point where its assets cannot offset its debts, its condition has improved due, for example, to the development of new products and the new sources of capital it has obtained through certain credit channels. Now that it can repay its old debts with the new, shall we regard such an enterprise, whose assets cannot offset its debts, as still bordering on bankruptcy?

Moreover, given a developed commodity economy, it is normal to operate under a debt. Let us cite an extreme example: an enterprise entirely relying on borrowed capital to maintain its operations. When it neither makes profits nor suffers losses, its assets are exactly equal to its liabilities. Once it operates at a slight loss, its assets will not be able to offset its debts. Should it go bankrupt then?

Obviously, an enterprise does not necessarily wait until its assets cannot offset its debts before it goes bankrupt. Nor should it go bankrupt when its assets cannot offset its debts. The key lies in whether or not the enterprise, as a debtor, loses its capability to repay its debts.

Based on the above-mentioned understanding, we can go a step further in considering which problems can be solved by the enterprise bankruptcy law and which problems cannot. As legal superstructure, the enterprise bankruptcy law reflects and regulates commodity economic relations. Specifically, it reflects and regulates credit relations. The implementation of the bankruptcy law undoubtedly helps protect and promote the development of credit relations and commodity economic relations. Moreover, because it can more acutely lay bare the contradiction between the state and quasi-state (the so called "great collective") ownership structure and the commodity economy, it helps promote the reform of the ownership system spurred on long ago by the development of the productive forces. However, the implementation of the bankruptcy law cannot, in itself, create credit relations and commodity economic relations, still less can it create the basis of the system of socialist public ownership of the planned commodity economy. Such economic relations should develop and improve through the reform of the economic structure. If we fail to carry out necessary reforms of the ownership system, the development of the socialist commodity economy, as well as its credit relations, will inevitably be restricted. So will the function of the bankruptcy law.

In implementing the enterprise bankruptcy law, we should have a market environment in which it can bring its role into play. It is a market system including markets in the means of production, capital, technology, information, and labor. We particularly need a multichannel capital market. If the enterprises rely on bank loans as their only source of capital, their capability for repaying debts will, to a large extent, depend on whether or not the banks tighten or ease money supplies. As soon as the banks tighten money supplies, the insolvent enterprises will find it difficult to maneuver, which often spontaneously develops into mandatory commercial credit among enterprises. That is why enterprises are generally in arrears with payment for goods. Under these circumstances, it will be very difficult to implement the enterprise bankruptcy law.

Moreover, in implementing the enterprise bankruptcy law, we should have a basis of ownership which can distinguish between the risks or responsibilities for investments and operations. Under the original state ownership structure, the state assumes all investment and operational risks without assigning an entity to underwrite them. In fact, this means that the 1 billion people in the country should assume the risks equally. The implementation of an administrative control system in enterprise management makes it necessary for administrative departments at the higher level to appoint the leaders of enterprises and to make decisions on enterprise investments and operations. The functions of the government administrative departments, including management, supervision, and ownership, have been lumped together and no clear distinction has been drawn between the functions of the government and those of the enterprise. Failure to separate the responsibilities of government administrative departments from those of the enterprise and to define the responsibilities of each government administrative department will inevitably give rise to innumerable wranglings in implementing the enterprise bankruptcy law. Moreover, under the original state ownership structure, thr function of accumulation is concentrated in the hands of the government administrative departments, which are responsible for taking from those who have too much, giving to those who have too little and making up for loss with profit. More often than not, the money-losing enterprises are not afraid that the administrative departments at the higher level will leave them in the lurch. In fact, it is hard for the administrative departments at the higher level not to do anything to rescue the enterprises they have set up, even though the enterprises suffer heavy losses. If they wish, they can always make the money-losing enterprises survive by various means, such as granting subsidies and loans, exempting them from taxation, adjusting prices, and even amalgamating money-losing enterprises with money-making ones. If we do not reform such an ownership structure, which fails to separate the responsibilities of administrative departments at the higher level from those of the enterprise, the enterprises on the verge of bankruptcy will continue to ask the administrative departments at the higher levels to adopt similar measures to save them, and the administrative departments at the higher level will also find it difficult to reject such requests. The result will be that the rescue efforts will probably go on indefinitely.

In reforming the state ownership structure, first, we should change the system of capital supply and the situation whereby the interested parties in economic activities do not assume risks or responsibilities for their investments and operations. [paragraph continues]

It is necessary to assign certain economic entities to assume risks or responsibilities for their investments and operations. Second, we should change the situation whereby the government directly handles the investments and operations of enterprises, remove the barriers between different departments or regions, and end the nonseparation of the functions of government and enterprises. It is necessary to genuinely separate the functions of the government from those of the enterprises so that enterprises can have full authority for their own management and full responsibility for their own profits and losses. Third, we should gradually enhance the status of laborers as the real masters of their own affairs.

Quite a few comrades favor the implementation of a joint-stock system in state-owned enterprises but many comrades are opposed to it. In principle, I do not oppose the trial implementation of the joint-stock system but I doubt whether the implementation of the joint-stock system alone can really solve the problems in state ownership structure. If the state-owned shares are still in the hands of the government the risks of state investments will not be genuinely assumed by economic entities. In my view, state funds should be handled and used in investments by investment companies, which engage in business operations as enterprises. The investment companies are enterprises and not government organs. They should ensure that the state capital will not suffer losses but will increase in value. They have the right to decide on investment orientation. They should dispatch personnel to the enterprises accepting their investments to influence the policy decisions of the enterprises through the boards of directors. However, the investment companies do not directly interfere in the management and operations of these enterprises, which have full authority for their own management and full responsibility for their own profits and losses. There is not just one but many investment companies in the country. They can carry out investment activities on the basis of competition. All investment companies are directly responsible to the NPC, to which they should submit regularly every year, reports on their investment activities for deliberation and examination. Before being submitted to the NPC, the business reports should be examined by the State Auditing Administration, which assumes legal responsibility for the authenticity of the contents of the reports they have examined. Moreover, the government organs apply planning, policy, legal, and administrative measures to guide, regulate, and supervise the investment activities of the investment companies and the operations of the enterprises accepting their investments. The banks, however, use such means as currency and credit to make readjustments. This is only an objective. In order to attain this objective, some steps are naturally needed. We shall inevitably go astray, however, if we do not set down a definite objective for the reform of the state ownership structure.

The formulation of the enterprise bankruptcy law reflects the fact that the reform of the economic structure has reached the stage, where it is necessary to have a bankruptcy law to protect and stimulate, in terms of the law, the new socialist ownership structure and the formation and improvement of the socialist market system. However, if it is not supplemented by the reforms of the economic structure, the implementation of the enterprise bankruptcy law will probably come to nothing or be obstructed.

RAISING FUNDS THROUGH PUBLIC OFFERINGS ENCOURAGED

HK210915 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 28, 14 Jul 86 pp 12, 13

[Article by Li Zhenning: "The Situation and Prospects for Raising Funds From Society on the China Mainland" -- capitalized passages published in boldface]

[Excerpts] The rapid development of raising funds from society has brought important changes in the channels and forms of fund movement in the course of China's economic structural reform.

The Rise of Various Activities To Raise Funds From Society

The various activities to raise funds from society (the activities of enterprises of various types or local governments at all levels to raise funds from individuals or units on a compensation basis) are one of the most important direct fund movement activities in China at present. Township enterprises and collective enterprises have long carried out fund-raising activities. However, over the last few years, apart from collective enterprises, state-owned enterprises -- be they small, medium, or large -- have been involved in the activities. At first the activities were confined to the internal sectors of enterprises but now they have been expanded to all sectors of society. In addition to enterprises, government organs have also carried out such activities. According to a survey, last year the funds raised in Jiangsu Province through various forms totaled 1.25 billion yuan; those in Shanghai amounted to 200 million yuan; those in Guangzhou reached 106 million yuan; and those in Wuhan came to 120 million yuan. The funds raised in Shenyang by issuing various shares and bonds among individuals amounted to 153 million yuan. According to the statistics supplied by the People's Bank of China Monetary Administration Department, the funds raised through various forms throughout the country and reported to the People's Bank for examination and approval in the past year alone totaled 8.2 billion yuan.

Last year's tightening of money supplies gave a tremendous boost to the fund-raising activities. Under the stringent policy, many large enterprises which formerly had ample funds encountered fund difficulties, which were mainly manifested in strains on circulating funds. Some construction projects could not be completed as scheduled for lack of funds and some technological transformation projects which promised good economic results also could not be carried out according to the original plan. This caused large-sized enterprises to attach more importance to raising production funds from society. Under the stringent policy, in order to ensure the development of their economies, local governments were more enthusiastic about taking part in activities to raise funds from society. Not only did they tighten control over the raising of funds from society and over the organization and coordination of large-scale activities to raise funds from society by drawing up regulations concerning the control of the issuance of shares or bonds and by working out fund-raising plans, but they also directly raised funds from society through their own administrative organs.

According to the findings of a survey of typical cases in some cities, such as Guangzhou and Shenyang, a greater part of the funds raised by the enterprises was used to increase their circulating funds and carry out technological transformation. According to a survey by the Guangzhou City Industrial and Commercial Bank, last year, 68.93 percent of the enterprises which raised funds from their internal sectors throughout the city used the funds to increase their circulating funds. A survey of the 26 fund-raising enterprises in Shenyang last year reveals that 89.5 percent of the funds were used in technological transformation. The reason for this different use of the funds raised in the two cities is that there are many large commercial enterprises in Guangzhou but many large industrial enterprises in Shenyang. In contrast to the case of the fund-raising enterprises, the governments which raised funds through their administrative organs used the funds mainly in capital construction investment, such as infrastructural facilities, urban construction, and third industries. For example, 94 percent of the funds worth 59.98 million yuan raised by the Guangzhou City Government last year were used in capital construction projects, such as the Guangzhou Commercial Complex and housing projects on Dongfeng Road.

Both the enterprises and the governments raise funds from individuals and units. In raising funds from individuals, they usually use forms such as shares, bonds, bonds with prizes, lottery tickets, and one share for work done. Funds are raised on the basis of voluntary participation mainly by relying on such incentives as ample rewards and high interest rates. Generally speaking, the interest rate on bonds should not be higher than 12 percent and the dividends and extra dividends distributed should not be higher than 15 percent of share capital. With regard to the practice of enterprises raising funds from units, generally, the enterprises turning out products whose demand exceeds supply raise funds from the users. Although somewhat compulsory, this method of raising funds is mainly one of mutual benefit. For instance, in selling its above-quota steel products to the users through its own channels, the Shuodu Iron and Steel Corporation charged them 750 to 1,000 yuan per ton as a means of raising funds from the latter. By June of last year, it had raised funds worth 227 million yuan in all. The amount of funds raised will be returned to the related users without interest after 3 years. However, during this 3-year period the corporation will provide certain amounts of steel products to the units involved in the fund-raising scheme at a price slightly higher than government price. This means that the corporation pays interest to the units concerned using price disparity between steel products sold on the market and government prices. The methods used by the governments to raise funds for their purposes, such as running power projects, building roads, and establishing commercial networks are mostly compulsory. The method of solving urgent problems in infrastructural facilities in cities by raising funds from society is of a local tax character.

The Great Significance of Raising Funds From Society

1. THROUGH FUND-RAISING ACTIVITIES, WE CAN TAP SOCIETY'S FUND POTENTIAL AND TURN CONSUMPTION FUNDS INTO PRODUCTION FUNDS. [passage omitted]

2. BY RAISING FUNDS FROM SOCIETY, SCATTERED FUNDS CAN BE CONCENTRATED ON THE PRODUCTION OF PRODUCTS WHOSE DEMAND EXCEEDS SUPPLY AND OF BRAND-NAME, HIGH-QUALITY PRODUCTS, THUS CONTRIBUTING TO THE READJUSTMENT OF INDUSTRIAL STRUCTURE AND THE IMPROVEMENT OF PRODUCT QUALITY. [passage omitted]

3. THE GREATEST ADVANTAGE OF RAISING FUNDS FROM SOCIETY LIES IN THE STRENGTHENING OF SUPERVISION OVER ENTERPRISE BUDGETS. [passage omitted]

4. THE RETURNS ON THE USE OF RAISED FUNDS ARE GENERALLY QUITE GOOD. The stricter restrictions on repayment of funds and the higher "prices" of using funds will force the enterprises to adopt a prudent policy toward the raising of funds. [passage omitted]

5. THE RAISING OF FUNDS FROM SOCIETY CAN PROMOTE THE FORMATION OF LATERAL ECONOMIC ASSOCIATIONS BETWEEN DIFFERENT ENTERPRISES AND THE TRANSFORMATION OF ENTERPRISE PATTERNS AND CREATE CONDITIONS FOR THE GRADUAL FORMATION OF A FUND MARKET. [passage omitted]

At present the main problems confronting the fund-raising enterprises are that the ratio of shares is small (many shares are actually bonds) and many of the bonds, they are mainly short-term ones (1 to 2 years) mostly with prizes. This shows that, on the one hand, the individuals have not had strong intentions of making investments and on the other, the enterprises are fairly prudent in using the funds they raised. Nevertheless, the prospects for further development in this regard are very good. The funds raised from society are likely to become the long-term source of funds on which the enterprises rely in developing production.

Therefore, we must adopt an attitude of encouragement toward the raising of funds from society. From a short-term view, by issuing shares or bonds in a snowballing fashion, the enterprises engaged in the production of products whose demand exceeds supply and brand-name, high-quality products will be well positioned to turn short-term funds into long-term ones and the introduction of bonds with prizes, relatively high interest rates on bonds, and discounts on bonds will encourage more people to buy the securities issues by these enterprises. From a long-term view, with the increase in the amounts of residents' bank savings deposits and their negotiable securities, the ratio of their income from bank interest will increase significantly and the desire of the residents to make investment will become stronger and stronger. As a consequence, more and more residents will buy shares and long-term securities. At the same time, efforts will also be made to discount securities through trust investment agencies and proceed to gradually establish securities exchanges so as to increase the mobility of financial assets and to encourage long-term investment.

RENMIN RIBAO ON FORMULATING INDUSTRIAL POLICY

HK220821 Beijing RENMIN RIBAO in Chinese 18 Jul 86 p 5

[Article by Wu Jiesi and Xiao Jie: "A Brief Discussion on the Importance of Formulating an Industrial Policy"]

[Text] In his "Report on the Seventh 5-Year Plan," Premier Zhao Ziyang pointed out the need to invigorate enterprises, to improve the market system, to exercise macroeconomic control mainly by indirect means, and to carry out well various reforms in order to develop a complete set of mechanisms and measures which organically integrate planning with market and microeconomic flexibility with macroeconomic control. In light of the practical conditions in our country, we hold that losing no time in formulating an industrial policy that conforms to China's national conditions is precisely such an effective mechanism or measure.

An Effective Form of Organically Integrating Planning With Market

An industrial policy refers to one adopted by a policy-making body, which exercises the functions of economic management on behalf of the state, through such economic activities as intervening in production and investment in order to achieve the best distribution of social resources among various industrial departments or to attain other economic and non-economic objectives. Industrial policy includes the policy on developing and distributing various social resources and the policy on developing various industrial organizations, such as the specialization and intensification of production, investment readjustment, and the development of enterprises, particularly small and medium-sized enterprises. In terms of functional levels, an industrial policy can generally be divided into national and local ones. The localities embody the state industrial policy in light of the local conditions.

Given the socialist commodity economy in our country, on the one hand, we should be good at using market mechanism to invigorate enterprises, to adjust market supply and demand, to stimulate commodity competition, and to improve the positive role of enterprise operations and management; on the other hand, we should pay attention to bringing into play the superiority of the planned economy and, through comprehensive balancing and the regulation of economic means, guide the operational direction of the market, rectify market deviations, improve the operational conditions of the market, and prevent the market from acting blindly. [paragraph continues]

We should not only fully utilize the positive role of market mechanism but also effectively adjust the distribution pattern of social resources among all sectors of the national economy so that it conforms with the objective proportion of social demand, thus ensuring the coordinated development of social reproduction. And, in order to organically integrate planning, which is called the "visible hand," with market, which is called the "invisible hand," it is necessary to coordinate them by formulating a comprehensive industrial policy. In the industrial policy we should stipulate the state policy for developing and distributing social resources at a given time and make clear, during this period, which industries should be supported or restricted, which forms of production organizations should be developed or restricted, and which production technologies should be developed or vigorously popularized, and so on. If we want to correctly bring into play the regulatory role of various economic levers, we can attain the expected objective only by having a definite industrial policy. Provided that we have a definite industrial policy, the market operational direction can be guided, deviations can be rectified, and the market mechanism can more effectively bring into play its positive role and thus avoid the negative role that may emerge. We can therefore say that formulating a comprehensive and feasible industrial policy is an effective form and a means of organically integrating planning and market.

An Important Condition for Achieving Organic Integration of Macroeconomic Control With Microeconomic Flexibility

It should be especially stressed that, under the present conditions in our country, formulating a scientific industrial policy is of great significance to restricting the expanding scale of investment in fixed assets, overcoming certain unstable factors that are apt to emerge in the replacement of the old economic structure by the new, and creating a favorable economic environment for the continued advance of the reform.

The continued restructuring of the economy has given rise to new features, such as decentralization of investment policy decisions, diversification of investment patterns, and multiple sources of funds. At the same time, however, China's market mechanism is still imperfect, the pricing system is still irrational, the interest mechanism lacks flexibility, the planning structure is still faulty, the enterprises still cannot genuinely act as legal persons independent in management and responsible for their own profit and loss, and some important economic laws and regulations are still imperfect. Under these circumstances, if we do not have an appropriate industrial policy to control and guide various investments, it will inevitably give rise to the following phenomena: First, state investment can neither attract nor promote local and enterprise investments. Second, in making investments, the localities fail to take the overall situation into consideration and regard as their principal objective a high rate of development in production and a reduction in the employment pressure in their localities.

Third, swayed by short-term interests in their investment behavior, some enterprises pursue high output and output value and increase the welfare of workers and staff members. Fourth, subjected to mandatory intervention in their investment activities from various quarters, the banks cannot resist the tremendous pressure for more investments from localities and enterprises. Fifth, the economic levers become passive because they lack both initiative and foresight in giving play to their regulatory role. (paragraph continues)

This will inevitably give rise to increasing scale of investments, long-term shortages of energy and raw and semifinished materials in industrial structure, slow technological progress, sluggish improvements in economic results, waste of social resources, and other unfavorable phenomena, thus adding numerous difficulties to the sound development of the national economy and the smooth progress of the economic reform.

In our ongoing reform, while further invigorating the enterprises, extensively arousing the initiative of various quarters, and continuously invigorating microeconomic activities, we should tighten indirect control over macroeconomic activities, ensure a relative balance between aggregate social supply and aggregate social demand, a more balanced ratio between accumulation and consumption, and a fundamentally rational distribution of industrial structure and productive forces, and conform the flow of manpower and financial and material resources to the objective requirements of economic development. In order to achieve this aim, however, it is imperative to have an omnibearing industrial policy integrating different policies for different trades with different policies of the central and local authorities and of different regions. Such an industrial policy should be based on achieving the coordinated and stable development of the economy as a whole, taking into overall consideration the rationalization of the internal structure of every industry and fully considering the actual conditions in various localities. Due to our failure to draw up such an industrial policy in the past, in exercising macroeconomic control, we could not but exclusively rely on the relaxation or tightening of economic policies, making it difficult to combine relaxation and tightening and to make flexible adjustment. Under these circumstances, macroeconomic control was artificially set against microeconomic flexibility, which resulted in a passive situation characterized by the practice of either rushing headlong into mass action or breaking up in hubbub. Practice has shown that formulating an industrial policy that integrates different policies for different trades with different policies of the central and local authorities and of different regions is not only a form and a means of organically combining planning and making but also an important condition for organically combining macroeconomic control and microeconomic flexibility. Only when we have such an industrial policy is it possible for us to solve the various problems we face today, such as capital shortages and "standardized" policies and measures.

Working Out the Industrial Policy in More Concrete Terms

The Seventh 5-Year Plan and Premier Zhao Ziyang's report have made a scientific and principled exposition of China's industrial policy for some time to come. In order to work out China's industrial policy in more concrete terms and to put it into practice as soon as possible, on the basis of integrating three methods -- namely, adhering to the state plan, bringing into play the regulatory role of economic levers, and providing information -- we should carry out well the following tasks:

1. Organize forces and strive to work out, in a relatively short time, an omnibearing industrial policy that closely integrates different policies for different trades with different policies of the central and local authorities and of different regions. On the basis of the state's overall industrial plan, all responsible departments of the state should work out realistic structural plans for major industries in light of the rational proportional relations and technological features of various industries; all localities should work out local industrial policies in light of their practical conditions and the requirement to rationally distribute the productive forces.

2. Industrial policies should become an important basis on which planning committees at all levels make arrangements for investments in fixed assets, financial departments at all levels, distribute construction funds, and specialized banks at all levels determine the flow of credit. It is necessary to bring into full play the role of state investment in guiding the flow of self-raised funds and to enhance the capability of credits to control the investment pattern of the society as a whole.

3. In line with the country's industrial policy, the structural plans for major industries, and the regional development plans, we should readjust various policies on taxation, depreciation, allowance, interest, and trade, strengthen coordination among various economic levers, overcome the phenomenon of various policies and measures offsetting each other, and improve the efficiency of macroeconomic control.

4. The reform of various management systems should be continuously carried out. We should rectify the irrational aspects of the pricing system as soon as possible and in a planned way, work out sound economic rules and regulations, improve market mechanism, and overcome the tendency of enterprises pursuing short-term interests. We should reform the irrational interest system, establish a flexible interest mechanism and, in accordance with various factors, such as capital demand and supply, deposit time, and risk, determine the interest level, in order to create conditions for controlling the use of social funds by economic means.

5. It is necessary to establish a national economic information network. We should regularly publish information on major state investments and bank credits and on investments in major industries and products in a certain period, as well as the likely changes in supply and demand, in order to bring into full play the role of information in guiding the direction of social investment.

GUANGMING RIBAO URGES ENACTING ADMINISTRATIVE LAW

HK240227 Beijing GUANGMING RIBAO in Chinese 11 Jul 86 p 2

[Article by Gong Xiangrui, Qi Yifei, and Jiang Mingan: "Enact the Administrative Law, the Basic Law of the State, as Early as Possible" -- capitalized passages published in boldface]

[Text] Since the founding of the People's Republic, the 3d Plenary Session of the 11th CPC Central Committee in particular, we have enacted many separate administrative and management laws. However, administrative law and administrative procedural law, as a basic law, have not yet been formulated to date. This is a gap in the present socialist legal system of our country.

Administrative law, which is divided into basic law and general law, is a law (in a broad sense) which governs administrative organs, administrative personnel, administrative functions and powers, and the administrative role, the economic administrative functions and powers in our country in particular. The basic law in the administrative law is a law governing administrative organizations (static structures and functions) and administrative activities (dynamic actions and consequences). It generally covers the basic legal essence of the administrative entity law and the administrative procedure law. It is one of the basic laws which stands side by side with civil law and criminal law.

In our socialist country, administrative law is an important norm governing the activities of the government. The actions taken or not taken by the state administrative organs and their cadres in the name of the state and the people directly involve various rights of citizens, which concern the material and spiritual aspects of the entire social life, including food, clothing, shelter, transportation, birth, age, illness and death. It is difficult to smoothly carry out the administrative and management activities of the state without a well-organized executive and supervisory organs, systematic and orderly work regulations and procedures, and working personnel of the state who go about things according to law. This is where the so-called imperfections of law and the so-called weak concept on legal system lie. After the promulgation of the "General Rules of Civil Law," enacting administrative law, a basic law, which is aimed at strengthening socialist legal sytem, has become an important task which brooks no delay.

1. ENACTING ADMINISTRATIVE LAW, A BASIC LAW, IS AN URGENT NEED IN IMPLEMENTING THE CONSTITUTION. It is appropriate to say that administrative law is the most basic departmental law which ensures the implementation of the Constitution. Most articles contained in the Constitution deal with matters of principle, and administrative law is needed to specify and implement the articles concerned. For example, the Constitution contains stipulations on the basic principles on political activities; on the fundamental rights and duties of citizens; on citizens' criticisms, complaints, charges against, or exposures of any state organ or functionary for violation of the law or dereliction of duty; on compensation to citizens in case they suffer losses through infringement of their civil rights by any state organ or functionary, and so on. Law is needed to define methods and procedure for implementing the stipulations on citizens' rights. Because articles in the Constitution only deal with matters of principle, it is difficult to implement specific stipulations by solely relying on them. It is impossible for those articles contained in the Constitution to truly play their role as a basic law.

2. ENACTING ADMINISTRATIVE LAW, A BASIC LAW, IS AN URGENT NEED FOR ENSURING A SMOOTH PROGRESS OF REFORM, CONSOLIDATING AND DEVELOPING THE ACHIEVEMENTS IN REFORM. At present, our country is carrying out reforms which are of great historical significance, including economic structural reform, and political structural reform as well as the reform of administrative and management system which conforms with economic structural reform. Law is urgently needed in order to ensure and guide the reform. In particular, the achievements in reform should be consolidated and developed by the law. Administrative law should and can play an important role in this regard. As far as economic structural reform is concerned, we should use law to stipulate the functions and powers of administrative organs and enterprises, enterprises' decision-making power concerning production, supply, marketing, manpower, and financial and material resources, and the ways and methods employed by administrative organs for exercising macroscopic control over enterprises in order to arouse the enthusiasm of enterprises, invigorate enterprises, and ensure legitimate production and management of enterprises. As far as political structural reform is concerned, law is needed to stipulate the ways and forms for the people to participate in the management of the state, and supervise the government organs and their working personnel; the principle of democratic centralism, and the way to ensure the implementation of the principle; legal relations between the central authorities and local governments, and between the higher and lower authorities; and the establishment of high level of socialist democracy aimed at preventing centralization of state power and autocracy. (paragraph continues)

As far as the reform of the administrative and management system is concerned, law is also needed to stipulate the jurisdiction and the terms of reference of administrative organs, their forms and methods for administration, and the legal relations between administrative organs and units under them in order to ensure effective management of the society by the administrative organs, and prevent administrative organs from using administrative means to intervene in everything.

3. ENACTING THE ADMINISTRATIVE LAW, A BASIC LAW, IS AN URGENT NEED FOR ENHANCING GOVERNMENT WORK EFFICIENCY, AND PUNISHING BUREAUCRACY AND THOSE ENGAGED IN UNHEALTHY TRENDS. Our government organs are shouldering important tasks of organizing and leading socialist modernization. Their work efficiency has a direct bearing on the success or failure of the modernization program. Over a long period of time, many of our government organs were overstaffed and were severely influenced by bureaucracy. While doing their work, they shifted responsibility onto each other, argued back and forth, and put off and delayed their work frequently. Official documents they issued traveled from one department to another, and their efficiency was low. Such a situation was connected with the fact that we did not have a unified administrative law. If we have a law which strictly defines the authorized size and functions of administrative organs, the power and responsibility of various organs and working personnel, the responsibilities of violators, and the publication of the institutions and procedure for investigating the responsibility, the situation can be substantially overcome, or even prevented. Working efficiency of our administrative organs can also be greatly enhanced. If we have law which strictly defines the disciplines and professionalism of the government organs and their working personnel, strictly affixes the responsibility of those who violate the disciplines, and makes public the institutions and procedures for investigating the responsibility; if we have law which strictly defines the functions and powers of the government organs and their working personnel, and the procedure for examination, procedure for making public the cases concerned, procedure for reporting to the masses, procedure for soliciting the opinions of the public, and so on, it will be difficult for the unhealthy trends to run rampant. Even if they have occurred, it is easier for us to expose and stop them.

4. ENACTING ADMINISTRATIVE LAW, A BASIC LAW, IS URGENTLY NEEDED IN ORDER TO PROTECT LEGITIMATE RIGHTS AND INTERESTS OF CITIZENS. Administrative organs are organs which administer production and life throughout society. Very often, citizens have more dealings with these organs than other institutions. Because the administrative organs exercise their functions and powers on behalf of the state, the state has vested extensive powers in them. They can order citizens to do, or not to do certain things. They can rescind certain specific powers enjoyed by citizens, or confer certain specific duties on them. They can take disciplinary action, or economic sanctions against citizens, or even restrict their personal freedom for a short time. The work of administrative organs, which have such extensive powers, is closely connected with citizens. How they assume their duties, and how their terms of reference are defined are very closely connected with the legitimate rights and interests of citizens. To truly protect legitimate rights and interests of citizens, we need administrative law to strictly define the functions and powers and responsibility of the administrative organs of the state, so that they can actively and legitimately exercise their own powers and authorities, and provide citizens with high-quality service. Meanwhile, law is also needed to define the forms of supervision by citizens over administrative organ and their working personnel, and the ways for citizens to bring complaints, make charges, or report to the authorities concerning the conduct of the administrative organs and their working personnel who violate the law, or neglect their duties, and claim compensation in case they have suffered losses. In this connection, it is necessary to enact administrative procedural law which defines the procedure and institutions responsible for the law. In such a way, when citizens' legitimate rights and interests are infringed upon, they can stop and resist it, and restore their rights and interests which have been encroached upon through legitimate ways.

ANHUI LEADER ON TRAINING QUALIFIED PERSONNEL

OW220523 Hefei ANHUI RIBAO in Chinese 10 Jul 86 p 1

[By reporter Xu Ming]

[Excerpts] Li Guixian, secretary of the provincial party committee, visited the China University of Science and Technology on 8 July to conduct investigation and study. At a symposium of responsible comrades of the university and some experts and scholars, he stressed the need for Anhui to rely on qualified personnel and education for its economic development. He also noted the need to make utmost efforts to provide good logistics to colleges, universities, and graduate schools having talented personnel. [passage omitted]

Since its relocation to Hefei from Beijing, the university has lost a considerable number of talented personnel because of such practical problems as separation of spouses and schooling for children. On learning this situation, Comrade Li Guixian emphatically noted: Economic development primarily hinges on policies, science and technology, and education, and talented personnel are the most important because they draw up policies. The main reason for Anhui's slight economic backwardness as compared with Jiangsu and Zhejiang is not a lack of natural resources. Our province is extremely rich in natural resources both above and below the ground. The question is development of these natural resources. There are not enough personnel to convert these natural resources into wealth. Without talented personnel, our natural resources cannot be turned to commodity and economic advantages. Therefore, the development of intellectual resources is more important and urgent than the development of natural resources. Statistics show that illiterate or semiilliterate people 12 years or older account for about one-third of Anhui's total population. The brain drain is not only the phenomenon of the university. It also occurs in some other units. Comrade Li Guixian urged adopting some special policies to create a fine environment to reassure the ranks of scientists, technicians, and intellectuals; to attract and retain talented personnel; to conscientiously do a good job in the vital field of education with a view to improving the quality of all of Anhui's residents in every possible way; and to cultivate more personnel of all types for the benefit of Anhui's economic development.

At the symposium, Comrade Li Guixian called the location of the China University of Science and Technology and the Hefei branch of the Chinese Academy of Sciences in Hefei a blessing to the city in that both the university and the branch will have a tremendous impact on and give a strong impetus to the building of the two civilizations in Hefei and the rest of Anhui. He further noted that the great number of colleges, universities, and graduate schools in Hefei, with their vast pool of talented personnel, is an advantage for Hefei, and that to give full play to this advantage, vigorous efforts should be made to strengthen the ties between these colleges, universities, and graduate schools and production departments and enterprises and to further promote the lateral ties among science research units, colleges, universities, and enterprises. [passage omitted]

'CREDIT COOPERATIVES' ESTABLISHED IN JIANGSU

OW220813 Beijing XINHUA in English 0629 GMT 22 Jul 86

[Text] Nanjing, Jul 22 (XINHUA) -- Newly established urban credit cooperatives in relatively developed Jiangsu Province have helped alleviate "difficulties of loaning and depositing" by city neighborhood factories and invididual businesses, according to a bank official here.

Luo Yucheng, director of the Jiangsu branch of the Industrial and Commercial Bank of China, said Jiangsu began setting up urban credit cooperatives last year. So far, 31 have been established, and another 20 will open soon.

He said these cooperatives, formed with shares collected from society at large, are collective financial institutions located in the urban and countryside township areas. They are responsible for their profits and losses, and are under the leadership and supervision of industrial and commercial banks, he said.

The cooperatives, which serve city collective industries and individual undertakings, now take care of 3,600 accounts, having received deposits of 53.3 million yuan and loaned 25.8 million yuan.

With the ongoing economic restructuring in China, city neighborhood factories and individual undertakings have developed rapidly. They need banking services such as account settlements, loans and deposit facilities. However, the industrial and commercial banks in the province can hardly meet their needs because of an insufficient number of staff and inadequate service network, according to director Luo Yucheng.

For example, the business of the Suzhou Industrial and Commercial Bank last year increased by 42.3 percent over 1984. However, it got only a 6.4 percent increase in staff in the same period.

The urban credit cooperatives are a supplement to his bank's business, Luo said.

Rural credit cooperatives for peasants originated from cooperatives in China liberated areas before 1949, before new China was founded.

JIANGXI'S WAN SHAOFEN ON HANDLING LETTERS, VISITS

OW232313 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 22 Jul 86

[Excerpts] The Jiangxi provincial meeting on handling people's letters and visits pointed out: Efforts must be made to earnestly study the important instruction issued by the party Central Committee on strengthening work in handling people's letters and visits, and tc wholeheartedly serve the party and the people. This meeting was held in Nanchang from 14 to 19 July by the General Office of the provincial CPC Committee, the General Office of the Standing Committee of the provincial People's Congress, and the General Office of the provincial people's government. Attending the meeting were responsible persons of the various departments in charge of the work of handling people's letters and visits in various prefectures, cities, and counties throughout the province, totaling some 300 people. [passage omitted]

Secretary Wan Shaofen and Deputy Secretaries Liu Fanger and Xu Qing of the provincial CPC Committee; Chairman Wang Shufang of the Standing Committee of the provincial People's Congress; and Vice Governor Qian Jiaming attended the meeting. Comrades Wan Shaofen, Liu Fangren, Wang Shufang, and Qiang Jiaming delivered speeches at the meeting.

In her speech, Comrade Wan Shaofen reaffirmed the achievements and pointed out the current tasks and requirements in handling people's letters and visits in the province. [passage omitted]

Wan Shaofen pointed out: The main tasks in handling people's letters and visits right now are as follows:

1. Efforts must be made to solve the problems left over from the past -- problems which were revealed in the course of handling people's letters and visits -- and to serve the masses.

2. Efforts must be made to reflect and handle the violations of law and discipline revealed in the course of handling people's letters and visits in order to rectify party style.

3. Efforts must be made to report the situation and popular opinion in society to the leading organs at all levels. Particular efforts must be made to report to the high authorities the situation, problems, and suggestions in the course of developing economic construction and making reforms and to do a good job in serving the party's central task and rejuvenating Jiangxi.

Wan Shaofen called on all departments concerned to stress the following five points:

1. It is necessary to strengthen our sense of responsibility to the party and handle people's letters and visits with a profound feeling for the people.

2. It is essential to improve our work efficiency and handle people's letters and visits in order of importance and urgency.

3. It is imperative to set up a network in handling people's letters and visits and to do a good job in sharing the work and cooperating with each other in tackling issues. [passage omitted]

4. It is necessary to organizationally and ideologically strengthen the various departments in charge of handling people's letters and visits.

5. The leadership at all levels must concern itself with the work of handling people's letters and visits, while the leading comrades should pay personal attention to and create the necessary conditions for doing such work.

GUAGNDONG'S LIN RUO STRESSES SAVING RICE CROP

HK210139 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 20 Jul 86

[Excerpts] According to NANFANG RIBAO, after inspecting Meixian Prefecture, provincial CPC Committee Secretary Lin Ruo arrived in Shantou City yesterday to visit Jieyang, Jiexi, and Punig Counties to continue to familiarize himself with the situation in the disaster areas. When inspecting Meixian Prefecture and Shantou City, Comrade Lin Ruo repeatedly stressed that the current most urgent task in the disaster areas is to organize the masses and concentrate manpower to crash-reap the flooded early rice. The task should be completed in 2 or 3 days.

He said: Every day that the harvest of the flooded early rice is delayed, the losses will increase by a considerably margin. We cannot allow the early rice to suffer any more losses. Even rice that has already sprouted and cannot be used as ration grain can be used for fodder and must be promptly crash-harvested. [passage omitted]

Meixian Prefecture, which suffered serious damage as the result of typhoon No 7, has sent 8,500 cadres to the frontline of rescue work in the past few days to lead the masses to fight the disaster, resume production, and rebuild their homes. By yesterday, the prefecture had harvested 510,000 mu of rice, 60 percent of the flooded area of rice. [passage omitted] Initial arrangements have been made to resettle 33,000 homeless people belonging to 6,000 households.

GUANGDONG PAPER URGES SUPPORT FOR PEASANT ENTREPRENEURS

HK190443 Guangzhou Guangdong Provincial Service in Mandarin 3000 GMT 19 Jul 86

[Excerpts] During party rectification, the party committee of (Thongqing) District of Huazhou County has guided the party members and cadres to take a correct view of peasant entrepreneurs and to support them.

Today's NANFANG RIBAO carries a commentator's article on this report, pointing out that protecting peasant entrepreneurs means protecting productive forces. The article says: The peasant entrepreneurs who have sprung up in the course of rural reforms are often a topic of dispute: In view of this, while carrying out party rectification, the party committee of (Tongqing) District of Huazhou County has guided the party members and cadres to take a correct view of the peasant entrepreneurs, and to thus deepen their understanding of the party's rural economic policies. They have done the right thing and have grasped the rural reforms by the nose. [passage omitted]

If there are more peasant entrepreneurs, it cannot happen that the rich get richer while the poor get poorer; in fact it will help to create prosperity for all. The current primary task in rural work is to protect and develop the productive forces and spur the development of commodity economy. Peasant entrepreneurs represent a new kind of productive force that has emerged in the rural areas. Protecting them means protecting the new productive forces. We must therefore support the peasant entrepreneurs, stand in the forefront of reform, actively protect and support their proper operations, allow more peasants to become entrepreneurs with the pioneering spirit, and lead forward the mass of the peasants to get rich at an early date.

HENAN LEADER CALLS FOR VIGOROUS EFFORTS IN REFORM

HK210147 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 20 Jul 86

[Excerpts] Henan Provincial CPC Committee Secretary Yang Xizong pointed out in a speech at a forum of the provincial Advisory Commission that the whole province must, from top to bottom, emancipate the minds, boldly carry out reforms, create new things, clear the way to forge ahead, and stimulate still faster and better development of Henan's economy.

The 3-day forum concluded on 20 July. Leading comrades of the provincial Advisory Commission Han Jingcao, Zhang Chixia, Yue Xiaoxia, Lin Xiao, Cui Guanghua, and Yuan Long attended. Vice Chairman Han Jingcao conveyed the spirit of the forum of chairmen of provincial, municipal, and autonomous regional advisory commissions convened by the Central Advisory Commission.

Comrade Yang Xizong spoke to the provincial Advisory Commission on current and future work on behalf of the provincial CPC Committee and government. He first affirmed the work of the commission in the 2 years since its establishment. He then gave a detailed exposition on the province's economic situation, reforms, and development by linking theory with reality. He pointed out: The leaders at all levels and the party-member cadres throughout the province must hold the unanimous view that all work must closely center on economic construction. The cadres must handle well the relationship between the work in their charge and the overall situation of economic construction.

Yang Xizong said: In order to promote still faster and better economic development, it is essential to put reform in the first place. He stressed: We must further emancipate our minds, eliminate the bonds of leftist influences and the small production mentality, and vigorously spur the progress of reform, especially urban reforms. He said: We have scored tremendous success in rural reform. Although we have done some work in urban reform, our efforts have not been vigorously enough and our strides have not been big enough compared with the rural economic reforms and with certain advanced provinces and municipalities. Quite a large number of comrades seek stability and are afraid of chaos. [passage omitted]

Yang Xizong spoke on how to adopt flexible methods, in close connection with reality and to a certain scale and degree, in boldly carrying out reform. He said: In adopting flexible measures, we must follow three principles: 1) We cannot violate the general policy principles of the central authorities. 2) Our actions must help to develop production and improve economic results, and create tangible social wealth for enriching the country and the people. 3) People are forbidden to abuse their powers or line their pockets. [passage omitted]

Yang Xizong said: There are great potentials in Henan's agriculture, and we must continue to develop it. However, it is industry that is relatively weak in the province. The main financial effort should be devoted to developing industry. [passage indistinct]

To ensure the smooth progress of reforms and all other work, Yang Xizong stressed that it is essential to further strenthen the unity of the party and of the cadre force, especially of the leadership cores. We must strive to create an atmosphere of concord, relaxation, harmony, and unity. However, we must set strict demands on the cadres in work and draw some clear demarcation lines.

We must resolutely support comrades who are bold in reform, and provide them with enthusiastic help and education to correct mistakes and shortcomings in reform. We must deal severely with cadres who abuse their powers and violate law and discipline under the pretext of promoting reforms, insist on factionalism, and have rotten work style.

Yang Xizong expressed the hope that the comrades of the Advisory Commission would provide still more support for the work of the provincial CPC Committee. [passage omitted]

HUNAN REWARDS SCIENTIFIC , TECHNOLOGICAL PROGRESS

HK181013 Changsha Hunan Provincial Service in Mandarin 0900 GMT 17 Jul 86

[Excerpts] The first Hunan provincial rally to reward scientific and technological progress was ceremoniously held in Changsha today. The rally commended 944 items that won prizes at home and abroad and 206 items that won provincial prizes for the first time for scientific and technological progress. Attending the rally were leaders of the provincial party and government, including Mao Zhiyong, Xiong Qingquan, Liu Zheng, Wan Da, Jiao Linyi, Cheng Xingliang, Zhao Chuqi, Wang Xiangtian, (Xia Duanzhong), and Zhou Zheng.

Comrade Wang Xiangtian presided over the rally. Comrade Xiong Qingquan spoke at the rally. Mao Zhiyong and Xiong Qingquan awarded the prizes to the representatives of the prizewinners.

The first-time assessment and selection of the items in our province for prizes in scientific and technological progress began in December last year. Of the 362 items submitted by various departments, 206 items were assessed for prizes. Of these 206 items, 2 won first-class prizes, 17 second-class prizes, 97 third-class prizes, and 90 fourth-class prizes. [passage omitted]

The 206 prize-winning items include: prizes for scientific and technological achievements, and the popularization of scientific and technological achievements in the professional spheres of machinery, electronics, electric power, metallurgy, geology, coal, light and textile industries, chemical industry, agriculture, forestry, water conservancy, communications, transport, urban construction, environmental protection, standardization, and measurement. The economic results of these prize-winning items are marked. According to incomplete statistics for 109 of them, their annual economic results are over 200 million yuan. The annual economic results of 22 items are over 2 million yuan, the annual economic results of 16 items are over 1 million yuan; 15 items have approached the international advanced level or held a lead at home, and 97 have attained the domestic advanced level.

In his speech, Governor Xiong Qingquan demanded: We must make the support of intellectual work a strategic task in the new period, and vigorously publicize the important role of knowledge and intellectuals in the four modernizations. We must respect knowledge and qualified personnel. [passage omitted]

He called on all scientific and technological workers throughout the province to plunge immediately into the great cause of construction in the Seventh 5-Year Plan, to make first-class achievements, and to make contributions toward Hunan's economic construction.

HEILONGJIANG SECRETARY ISSUES CERTIFICATES TO SOLDIERS

SK220139 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 21 Jul 86

[Excerpt] On behalf of the provincial CPC Committee and government, Sun Weiben, secretary of the provincial CPC Committee, Hou Jie, provincial governor, and other leading comrades presented Heilongjiang certificated of honor to representatives of the soldiers demobilized or transfereed to civilian jobs who has developed the reclained wasteland.

A total of 44,382 soldiers received the certificates. They have spent more than 2 decades in the reclaimed wasteland of our province, and have made magnificent contributions to its development. [passage omitted]

SUN WEIBEN AT HEILONGJIANG ELECTRIC PLANT RALLY

SK230523 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 22 Jul 86

[Text] On 22 July, at the rally marking the 35th anniversary of the founding of the Harbin Electrical Machinery Plant, Sun Weiben, secretary of the provincial CPC Committee, said: From now on, in evaluating the performance of party and government departments at all levels, we should first judge whether or not they have scored practical achievements in invigorating enterprises, particularly the large and medium-sized enterprises.

In his speech, Sun Weiben demanded that we continue to place reform before evverything else. He said: Reform is a great and pioneering cause. Our orientation of reform should be firm and unswerving, and the step for carrying out reform should be sound and steady. With regard to the mistakes and errors emerging in the process of reform, we should sum up our experiences conscientiously, rather than giving up the reform for fear of a slight risk. In carrying out reform, we should proceed from the reality of enterprises, should be good at correcting the major contradictions which hamper the development of productive forces and the invigoration of the economy, should implement the principles of consolidating, assimilating, replenishing, and improving the reform measures we have already adopted, and should promote the reforms in all fields in a planned and step-by-step manner.

Sun Weiben stressed: To invigorate the large and medium-sized enterprises, we should adopt [word indistinct] and effective measures inside and outside these enterprises. All levels of government departments of the province and various cities should create a relaxed environment for enterprises in which they can build themselves into commodity manufacturers having full authority for management. We should resolutely implement the regulations adopted by the State Council and the local government with regard to delegating more decision-making powers to enterprises, should conscientiously streamline administrative procedures and delegate powers to lower levels, should separate government administration from the management of enterprises, and should change the government function. Economic departments under governments at all levels should adapt their leading work to the new situation of putting the large and medium-sized enterprises under the administration of the central cities, and should concentrate their major energy on making good planning and arrangements, mastering policies, organizing and coordinating the work, providing services, making good use of the economic regulatory means, and strengthening the supervision and inspection.

As far as enterprises are concerned, they should pay attention to the internal work, fully mobilize the initiative of operators and manufacturers, and apply the autonomy of enterprises to improve the quality of enterprises. They should improve the system under which the director of a plant assumes full responsibility, popularize various forms of economic responsibility system, and reform the bonus system and the labor service system. The independent economic accounting system introduced by the Harbin Electrical Machinery Plant is a reform measure with great significance which mobilizes the initiative of workers and staff members at all levels, and therefore, should be further perfected. We should try every possible means to improve the quality of products, reduce the consumption of materials, raise economic efficiency, and constantly improve the modernized management of enterprises. Over the past few years, the Harbin Electrical Machinery Plant has, on the one hand, imported new electrical machines with a total capacity of 600,000 kw, and has, on the other hand, made its 210,000-kw generater enter the international markets. This is a successful attempt to constantly improve technologies and invigorate enterprises.

HEILONGJIANG SECRETARY ATTENDS ARMY DAY SOIREE

SK230542 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 22 Jul 86

[Excerpts] On 22 July, the veteran cadres' activity office directly under the provincial authorities, the office for the retire cadress of the provincial Military District, and six other units jointly held a soiree in Harbin to mark the 59th anniversary of the 1 August Army Day with the participation of retired cadres of the provincial-level organs, the provincial Military District, and the PLA Units stationed in Harbin.

Attending the soiree were party, government, and leading military comrades, including Sun Weiben, Hou Jie, Chen Yunlin, Liu Chengguo, (Huang Tiefu), Wang Luming, Lu Guang, (Xie Yong), Zhang Ruilin, He Daoquan, and Yu Dianchen. More than 200 retired veteran military cadres attended the soiree. [passage omitted]

Liu Chengguo, deputy secretary of the provincial CPC Committee, and representative of the provincial Military District and the PLA units stationed in the province delivered speeches at the soiree.

JILIN MAYORS DISCUSS ECONOMIC SITUATION

SK220409 Changchun Jilin Provinical Service in Mandarin 0930 GMT Jul 86

[Excerpts] The provincial people's government recently held a conference of mayors, commissioners, and the autonomous prefecture's head to relay and study important speeches given by the leading comrades of the central authorities and the important documents issued by the central authorities, to analyze and discuss the province's economic situation during the latter half of this year, and to further make arrangements for economic work in the latter half. The conference also put forward clear and definite demands calling on the cities and prefectures to do a good job in conducting reforms in various fields.

Comrade Gao Di, secretary of the provincial CPC committee, attended the conference and delivered a speech. Gao Dezhan, governor of the province, delivered a summary speech. Gao Wen, Liu Shulin, and Wang Jinshan, vice governors of the province, also delivered speeches on the concerte opinions of specific work. [passage omitted]

The conference held that the province's economy, as elsewhere in the country,, achieved normal and stable development during the first half of this year and brought about a good situation. In agriculture, the province has overcome various natural disasters. Crops are coming along fine, which has created favorable conditions for restoring the grain-output standard scored before the flood disaster of 1985. In industry, the total output value of the first half of this year showed an 8 percent increase over the figure of the corresponding 1985 period, fulfilling the annual production plan by 459.8 percent. Industrial profits and taxes transferred to the state showed an 11.7 percent increase over the figure of the corresponding 1985 period and financial revenues, an 11.1 percent increase. The province has continued to maintain the three increases simultaneously. Markets in both urban and rural areas enjoyed brisk sales. The total retail sales of social commodities showed a 16.2 percent increase over the figure of the corresponding 1985 period. Commodity prices were stable. The province's total price index only showed a 28 percent increase over the figure of the corresponding 1985 period. Foreign trades and exports showed a large-scale increase. The building of the capital construction projects achieved better progress. The construction of key projects was better completed. However, by no means should we lower our guard toward the problems cropping up in economic development. Efforts should be made to adopt positive measures to deal with them.

To further develop the current excellent situation in economic work and in line with the spirit of the important speeches given by leading comrades of the central authorities, the conference urged localities throughout the province to concentrate on successfully grasping the following tasks during the latter half this year:

1. Efforts should be made to continuously and deeply conduct reforms in various fields and to unswervingly enforce the system of having the plant chief assume responsibility. [passage omitted]

2. A good job should be done in persistently grasping agricultural production, paying great attention to the grain issue, and resolutely and firmly grasping production. [passage omitted]

3. A good job should be done in continuously grasping industrial production. [passage omitted]

4. A good job should be continuously done in making arrangements for markets in both urban and rural areas. [passage omitted]

5. Efforts should be made to enhance management over investment in fixed assets. [passage omitted]

6. Efforts should be made to assuredly maintain a balance between financial revenues and spending. [passage omitted]

LIAONING RIBAO ON PROMOTING PRODUCTION WITH REFORM

SK210939 Shenyang LIAONING RIBAO in Chinese 7 Jul 86 p 1

[Editorial: "Promote Production With Reform"]

[Text] From the beginning of this year to April, the growth rate of our province's industrial production declined by a fairly large margin. It has picked up since May, but some problems restricting the development of production have yet to be thoroughly solved.

External reasons for these problems are various, such as "uniformity" in macroeconomic control, failure to clarify policy bounds when correcting unhealthy trends, and an acute shortage of funds, electricity, and raw materials. The people have a strong demand for solving the problems, and relevant departments are adopting measures. However, another important reason for the decline in production, namely, vacillation and some delays in reform, has not drawn sufficient attention.

The revitalization of China's industrial and agricultural production over the past few years has fully proven the tremendous role of reform in promoting production. It is precisely because of reform that a vigorous situation has appeared in all our undertakings. We have planned to continuously adhere to the orientation of reform this year, and to promote production through reform. However, some comrades paid more attention to external conditons to the neglect of the coordinated reforms in their own trades, departments, and enterprises, thus failing to link relevant reforms. Some leading comrades engaged in economic work were too negative about external environments, thus shaking their confidence in reform, failing to hold on to their position and carry out the already initiated reform measures persistently, and even taking the road back. They became afraid to institute the various economic responsibility systems, such as contracts and leasing business, and resorted once agin to the "common big pot" in handling distribution, thus infringing upon the extra interests that operators and producers are entitled to. The system of making plant directors responsible for certain targets within their office terms was not developed, plant directors' authority to appoint and remove middle-level cadres was shaken to a very great extent, and some power that enterprises are entitled to was withheld. Such vacillation and delays in reform have dampened the enthusiasm of the operators and producers of enterprises. In this way, not only will it be difficult to tap the potential in production, but also normal production will be affected. These situations show that the vacillation and delays in reform constitute an important reason for the decline in production. Leading comrades engaged in economic work should have a clear understanding of this.

A half year has passed, and the production tasks for the other half will be all the more arduous. As this year is the first year for implementing the Seventh 5-Year Plan, we should achieve a good beginning. The demands persistence in the correct orientation of promoting production with reform. As reform is a great explorative undertaking, for which there are no ready-made experiences that we can follow mechanically, twists and turns, temporary stagnation, and partial retrogressions are unavoidable throughout the course of the reform. However, it is necessary to reduce as many twists and turns, and as many setbacks as possible. Unhealthy trends must be corrected, and structural reform must be carried out persistently. The enterprising spirit of being brave to explore, which we have regained through reform, which has greatly enriched the content of the activities to build the spiritual civilization, is our precious wealth. At present, it is very necessary to greatly advocate such a spirit in the economic field, eliminate the reacting force against economic structural reform coming from outside and various quarters, and overcome difficulties. On the one hand, we should make the coordinated reforms in various fields successful, and consolidate the achievements in reform, and on the other, we should make explorations continuously, do our work in a creative manner, and open up new roads for reform. If both external and internal environments provide favorable conditions for reform, and the initiative of enterprise operators and producers is protected and aroused, they will display more vigorous production enthusiasm. This is an effective way to fulfill this year's production tasks in an all-round manner.

GANSU RADIO URGES CURBING PURCHASE MALPRACTICES

HK190249 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 18 Jul 86

["Chat for Everybody" by (Li Zongjiang): "Curb Unhealthy Trends in Material Purchase Work"]

[Excerpt] Some unhealthy trends have currently appeared in certain units in material purchase work. Some people like to take long journeys by train or boat to buy materials that they could have bought in the local county seat. Some do not want good products and materials; instead, they order inferior or counterfeit goods. Some units go on purchasing materials when they already have considerable stockpiles of them.

There are many reasons for the emergence of these unhealthy trends in purchase of materials. Some supply units institute floating prices for their products and award their salesmen all kinds of irrational bonuses. Certain salesmen and purchasers act hand in glove to make a profit from a deal. Some people, waving the signboard of a certain company, hold out various baits as they seek out their customers. And the leading cadres of some units, who are gravely affected by bureaucratism or else lack knowledge of commodities, actually give the green light for these unhealthy trends.

Unhealthy trends in material purchase work interfere with the smooth progress of enterprise reforms. A few people make a profit and gain advantage, but the state suffers capital and material losses. The workers' initiative is hurt, and economic construction is affected. It is indeed essential to curb these unhealthy trends. [passage omitted]

GANSU RADIO URGES RESPECTING DEMOCRATIC RIGHTS

HK210217 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 19 Jul 86

["Chat for Everybody" by (Pan Fayi): "Respect the Masses' Democratic Rights"]

[Text] A certain research center organized its personnel to democratically elect director. These intellectuals, who had not exercised their democratic rights for many years, were very eager and serious about democratically electing a leader. After repeated debate and discussion, they submitted a relatively satisfactory list of five candidates. However, when the authorities issued the official list of candidates, the intellectuals were dismayed to see that three of the names on the list were people whom none of them had nominated.

Ours is a socialist country, and the people enjoy the right of being masters of the house. The democratic election of leading cadres helps to strengthen the position of the masses as the masters, to discover and promote talented people, and to overcome the practice of one person alone having the say and bureaucratism. The practice of certain people in behaving in an autocratic way under the pretext of exercising democracy is becoming less and less popular. In democratically electing leading cadres, it is therefore necessary to respect everyone's views.

Of course, democracy also requires centralism. However, this must be centralism on the basis of democracy, otherwise democratic elections becomes meaningless.

QINGHAI AWARDS PHILOSOPHY, SOCIAL SCIENCE PRIZES

HK151548 Xining Qinghai Provincial Service in Mandarin 2230 GMT 14 Jul 86

[Excerpt] Yesterday, the province held the first prize-giving ceremony for results of philosophy and social science research in Xining. The winners were selected by judging their published [words indistinct] CPC Central Committee and the end of last year. They were finally selected after going through the preliminary selection, semifinal selection, and final selection in November last year. The total number of works selected was 105, including 3 works for second prize, 61 works for third prize, and 26 works for the hard working prize.

The selected works generally focus on the theory and academic significance of the research results, while also emphasising the practical effects. They include a large number of works that probe the necessity of building socialism with Chinese characteristics, as well as carrying out reforms. There are also works on special topics, teaching materials, reference books, translated works, and materials. [passage omitted]

Comrades Yin Kesheng, Liu Feng, Chen Yunfeng, Ma Wanli, Qiang Jianghua, and Bainma Dandzin attended the ceremony and gave prizes to the winners.

YIN KESHENG AT QINGHAI PARTY SCHOOL GRADUATION

HK211435 Xining Qinghai Provincial Service in Mandarin 2230 GMT 20 Jul 86

[Text] Two hundred and forty-one students have graduated from the party school of the Qinghai Provincial CPC Committee. In 1984, these 241 students joined the cadre training course, economic management cadre training course, cadre rotational training course, and elementary legal knowledge professional training course run by this school. After 2 years' study, the students have mastered the information which they studied relatively well. In the graduation examinations conducted not long ago, all students scored an average of 80 marks -- good results.1

At the graduation ceremony held the day before yesterday, in his speech, provincial CPC Committee Secretary Yin Kesheng put forward four hopes to the graduates:
1. In the light of realities, it is necessary to seriously study Marxism-Leninism-Mao Zedong Thought, to apply to standpoint, viewpoint, and method of the Marxist basic theory to guide specific work, and to always think about the duty of developing Qinghai and about serving the people.

2 In future work, it is essential to refresh knowledge and to strengthen confidence in reform.

3. It is imperative to be bold in opening up a new path, to enhance abilities in pratice, and constantly make improvements in the hard enviroment.

4. It is necessary to be modest and prudent and to act as a model of unity.

Responsible comrades of the Organization Department and Propaganda Department of the provincial CPC Committee and provincial Judicial Department also attended the graduation ceremony.

QINGHAI CONCLUDES EMPLOYMENT WORK CONFERENCE

HK220240 Xining Qinghai Provincial Service in Mandarin 2230 GMT 19 Jul 86

[Excerpts] The 5-day provincial employment work conference concluded in Xining on 19 July. The conference conveyed the spirit of the national conference of governors on reforming the employment system, as well as the spirit of the national conference of labor and personnel department and bureau heads. Summing up the province's employment work experience during the Sixth 5-Year Plan period, the conference analyzed in all-round way the development trend in the Seventh 5-Year Plan period, and also decided on the tasks, policies, measures and methods of our future employment work.

Governor Song Ruixiang made a speech covering three aspects: That is, to develop the economy for providing more job opportunities; to uphold reforms so as to widen channels for finding jobs; and to formulate perfect policies so as to promote the employment situation.

He said: Employment is a social system engineering project. Comrades of the labor and personnel departments must study population theory, sociology and economics. They should make employment work conform to the development of society and commodities. We should focus our work on cities, small towns, and industrial and mining areas. We must greatly develop the collective and individual economies; as well as run neighborhood industry, youths' factories and shops, and township enterprises. As the province's collective economy is still very backward and many collective and individual enterprises have just started their business, we should adopt a different type of policy for dealing with them. We should continue to support and give preferential treatment to those newly established and those facing problems.

MORE ON NEW YORK TIMES REPORTER'S EXPULSION

Foreign Ministry Spokesman on Case

HK240948 Hong Kong TA KUNG PAO in Chinese 24 Jul 86 p 2

["Special dispatch" from Beijing by reporter Kung Shuang-yin: "Foreign Ministry Spokesman Answers Reporters' Questions on the Deportation of Burns"]

[Text] Beijing, 23 Jul -- Today, PRC Foreign Ministry Spokesman Li Zhaoxing mentioned the deportation of John Burns by repeating the words of an official of the Beijing Municipal State Security Bureau. Li said that John Burns, as a resident reporter of THE NEW YORK TIMES in Beijing, deliberately entered a nonopen area of our country between late June and early July in violation of the "PRC law governing aliens' entry into and exit from the country," and engaged in activities incompatible with his status as a journalist. After completing the investigation of the case, the Beijing Municipal State Security Bureau decided on 22 July to deport Burns. Burns left China on 23 July.

The following are the questions and answers concerning this case:

Question: Does the Chinese Foreign Ministry agree to the deportation of Mr Burns and agree with the charge brought by the Ministry of State Security against him?

Answer: Burns violated China's law. The departments concerned of our country handled this case in light of the law concerned. There is absolutely no such thing as the departments concerned in China holding different opinions on this case.

Question: When will China's Foreign Ministry agree to receive a new resident reporter for THE NEW YORK TIMES?

Answer: Mr Burns himself should bear legal responsibility for his illegal activities. I do not think that the illegal activities of an individual should be linked with the newspaper office which sent him to China, and I do not think that this case will affect our friendly relations with THE NEW YORK TIMES. If THE NEW YORK TIMES wants to send another resident reporter to Beijing, it can lodge an application with the department concerned in our country according to the relevant regulations and complete the relevant formalities.

Question: According to the briefing given by the Ministry of State Security to the executive editor in chief of THE NEW YORK TIMES, Mr Burns entered a military forbidden area with another American, and engaged in the activity of collecting military intelligence by taking many photos. Can you reaffirm this allegation? Why is their allegation different from your explanation?

Answer: I do not know what explanation I have just given you. What I quote is the words of the responsible official of the Beijing Municipal State Security Bureau. His words clearly explain the case and I do not want to add anything to them. If you want to find out about more details of the case, then you may have to contact the Beijing Municipal Public Security Bureau and State Security Bureau.

Question: Mr Burns lived in Beijing during the years of the "Cultural Revolution." Some senior officials of the information department of the Foreign Ministry also regarded Mr Burns as an old friend. So it is puzzling why an old friend of the Chinese people would engage in espionage activities. Could you tell me about the behind-the-scene reasons for this case?

Answer: We do not want to see such a case of violation of China's law. As for the details of this case, you may contact the Aliens Management Department of the Beijing Municipal Public Security Bureau and the Beijing Municipal State Security Bureau. The responsible official of the Beijing Municipal State Security Bureau has made this point clear, and I have nothing to add to it.

Question: If Mr Burns has violated China's relevant law, why was his case handled in this way for the first time?

Answer: I think you must have noticed the point mentioned by the responsible official of the Beijing Municipal State Security Bureau, that Mr Burns engaged in activities incompatible with his status. I would like to stress once again that I do not want to explain his words here and have nothing to add to this point.

Question: The Sino-British consular agreement provides that when a citizen of either country is detained by the other country, the country concerned should inform the country of the detainee as soon as possible and make arrangements for a visit after 2 days of detention. The notice on Burns' detention was given on Friday afternoon and the arrangements for a visit were made on Monday morning. What was the reason that this provision was not observed? Was it that the Ministry of Foreign Affairs did not cooperate well with the Ministry of Public Security? If China did not abide by this agreement, how can people believe that it will observe the Sino-British declaration on the Hong Kong issue?

Answer: You have put a very important and interesting question, but you have come to a hasty conclusion on certain points. You do not have the Sino-British consular agreement. I would like to make it clear that what we did conform to the Sino-British consular agreement. I am willing to brief you on the relevant provisions of the agreement: If a citizen of the sending state is arrested, taken into custody, or detained in any other way in a territorial area of the receiving state, the authorities concerned of the receiving state should inform the sending state of the case as early as possible. At the latest, notice should be given to the consulate of the sending state within 7 days starting from the day restrictions are imposed on the personal freedom of the citizen. In the event consular officials wish to visit the citizen, the authorities concerned of the receiving state should make arrangements for a visit 2 days after the consulate is given the notice restricting the personal freedom of the citizen, and future visits are allowed at intervals of less than a month.

Question: Can you tell us the situation of that Chinese man? If the other American who is now in Hong Kong comes to China again, what will you do to him?

Answer: I believe I have answered your questions. As to whom you should interview on the case, I have also answered the question.

Question: There is some discrepancy between your remarks and what has been obtained by THE NEW YORK TIMES. Under such circumstances, who should we believe?

Answer: I am responsible for what I have said. As to what THE NEW YORK TIMES told you, I am not clear about this.

Question: THE NEW YORK TIMES was informed that Burns engaged in gathering intelligence, but you did not refer to this point in your remarks.

Answer: I hope you will listen to the recording we made.

Question: You did not talk about the question of gathering intelligence. As reporters, we are very much worried.

Answer: You do not have to worry. Let me repeat what I said: Burns violated the "PRC law governing aliens' entry into and exit from the country." He went to nonopen areas of the country and engaged in activities incompatible with his status as a correspondent. I believe the implication of my remarks is very clear.

Question: From what you have just said we understand that you are referring to the espionage activities mentioned by the Bureau of State Security. Please allow us to ask: 1) If Mr Burns really engaged in espionage activities, why did China not file a lawsuit against him? 2) If he really engaged in espionage activities, will you tell us how he engaged in these activities? 3) The information department is responsible for telling us the real situation of the case; otherwise, people will think that China does not have adequate evidence.

Answer: I have three answers for your three questions. First, the remarks I have made are very explicit. Second, thank you for reminding us; the Information Department of the Ministry of Foreign Affairs is, naturally, aware of its own responsibility and is performing its duties. Third, you may rest assured with regard to how China exercises its law. The Chinese authorities concerned follow Chinese legal procedures in handling matters. They strictly execute China's law.

Burns Case Handled Correctly

HK231119 Hong Kong HSIN WAN PAO in Chinese 23 Jul 86 p 5

["Evening Talk" by Yang Zhu: "It Is Imperative To Abide by China's Law"]

[Text] Expelled From the Territory of China

The Chinese Government has decided to expel from China John F. Burns, who left Beijing this morning. That is the most updated news published by the official XINHUA NEWS AGENCY this morning.

John F. Burns, Beijing Bureau chief for THE NEW YORK TIMES, was taken into custody at the capital airport on 17 July, when he was about to leave Beijing for Hong Kong.

Investigation Must Be Conducted

Why was Burns taken into custody?

Beijing's official explanation was, Burns had intruded into forbidden areas for foreigners (non-open areas), and had been suspected of spying. Hence, the necessity for investigation.

These explanations were directed to those people making inquiries at the National Security Bureau, the Public Security Bureau, and the Ministry of Foreign Affairs.

Everything Is Just Normal

Burns is a British subject. Hence, the inquiries of the Embassy to Beijing of the United Kingdom.

Burns is a U.S. journalist. Hence, the concern of the U.S. Government over him.

Burns is an employee of THE NEW YORK TIMES. Hence, A.M. Rosenthal, the paper's executive editor made a special trip to Beijing, speaking for him.

There is nothing wrong in all this.

Neither is there anything wrong in China taking Burns in custody, and conducting an investigation into his case.

Handling Affairs According to the Law

Burns had intruded into forbidden military areas in China's hinterland and had been suspected of spying. He was thus taken in custody for an investigation, and then he was released within the period of time stipulated by the law. All this is handling affairs according to the law, and a matter that concerns China's sovereignty.

Burn's intrusion into forbidden areas for foreigners was a fact; moreover, committed intentionally, which Burns himself confessed to be true. Beijing's National Security Bureau considered Burns to have violated the PRC provisions on the control of foreigners entering and leaving China." Therefore, it has been decided to expel Burns from the territory of China, which is also handling affairs according to the law.

The PRC Image

A.M. Rosenthal, THE NEW YORK TIMES' executive editor said in Beijing, the fact that China had taken Burns in custody would injure the image of China; the longer the custody, the more profound would this image be injured.

He is wrong.

If China should have failed to handle cases of a foreigner violating Chinese law in the territory of China according to the law, China's image would have been injured. The more China turned a blind eye on cases of foreigners violating China's law, the more profound the injury to the PRC's image would be.

WEN WEI PO ON PRC POLITICAL STRUCTURAL REFORM

HK230241 Hong Kong WEN WEI PO in Chinese 22 Jul 86 p 2

["Special Article" by Beijing correspondent Cheng Hsiang: "Tentative Analysis on Discussions Concerning the Reform of the Political Structure" (part 2 and last)]

[Text] What does China actually mean when it announces the introduction of a political structural reform? What specific measures is China going to adopt? This is what those who are concerned about the political development in China wish to know.

We can say that right now, the political structural reform is merely at the stage of "public opinion preparation," and no complete plan is available. In preparing public opinion, the authorities have set an extremely cautious tone and pace, while the discussions at the non-governmental level have shown a keen desire to "step up" the process.

The Authorities Are Cautiously Preparing Public Opinion

First, let us examine the authorities' efforts to prepare public opinion. In May this year, in commemorating the 30th anniversary of the publication of Chairman Mao's "Double-Hundred Policy," the Propaganda Department of the CPC Central Committee called for a breakthrough in the old theoretical taboos, urging social scientists to boldly explore those issues existing in the current political and economic structures as well as the way of reform, and asserting that the central authorities hoped to create a favorable environment in which people could have free discussions. Soon after that, when commemorating the publication of Chairman Mao's policy of "long-term coexistence and mutual supervision," the CPC Central Committee United Front Work Department reiterated the importance of the roles of all democratic parties, urging them to improve themselves so that they and the CPC could "treat each other with all sincerity and share each other's weal and woe" over a long period in the future. On the above two occasions, the CPC central authorities presented the idea of political reform in an ingenious manner, by commemorating the 30th anniversary of the publication of Chairman Mao's two policies concerned, in the traditional language which the members of the party are used to. These measures have made it easier for the majority of the party members to accept the idea of political reform. Undoubtedly the party authorities have really given much thought to the matter in doing so. Otherwise, those who have failed to come round to the idea of economic structural reform will be unlikely to accept the idea of political structural reform.

The Pilot Project Has Been Initiated Quietly

As far as specific measures are concerned, the authorities have quietly launched pilot projects in relation to several links which have a direct bearing on the reform of the economic structure. Two of these projects are noteworthy. The first is the introduction of the plant director responsibility system at the grass-roots level. The "plant director responsibility system under the leadership of the party committee" that was implemented in the past has been changed and the party's position and role in grass-roots enterprises has been clearly redefined. The second project is the comprehensive reform carried out in medium-sized cities, with the emphasis on the separation between the role of the party and that of the government, the separation between governmental administration and enterprise management, and the cadre system. The above two reform projects can actually be regarded as the continuation of the reform of the economic structure, therefore they are able to gain a certain amount of mass support. So far there has been no public report on these two projects. Obviously the authorities do not want to play up the operation for the time being lest the projects should evoke resistance that is otherwise avoidable.

The authorities' words and deeds have shown an extremely cautious attitude.

Discussion at the Nongovernment Level Has Touched on the Core of the Political System

Discussion at the nongovernmental level has gone far beyond what the governmental operation has reached and has directly touched on the core of the political system: the relationship between the political party, the government, and the parliament, the distribution and regulation of power, the people's democratic rights and freedom, and so on. A young scholar even brought up the "necessity of a multi-party system" again at a symposium held by the Central Senior Party School (some people had already put forth the multi-party system during the drive of "letting a hundred schools of thought contend" in 1957 -- the idea was denounced as a rebellious counterrevolutionary one as soon as the antirightist movement was launched). This has clearly shown how lively the discussion at the nongovernmental level is.

Nongovernmental level discussion has been largely concentrated on the analysis of the shortcomings of the present political system and the areas where breakthroughs are to be made in the future. With regard to the analysis of the shortcomings of the present political system, the discussants' opinions are almost identical. To put it more precisely, the present political system has two shortcomings: 1) The system of the people's political involvement and the mechanism concerned is underdeveloped. 2) There is a lack of sound regulation within the power structure.

Various Shortcomings of the Present Political System

The underdevelopment of the system of the people's political involvement and the mechanism concerned is shown in the following fact: The people who are the holders of sovereign rights cannot fully and effectively exercise various democratic rights (such as the right of election and the right of recall) and the freedoms (such as the freedom of speech, the press, assembly, association, procession, and demonstration) provided by the Constitution. In consequence, politics, in a certain sense, remains the business of a small number of people.

The lack of sound regulation within the power structure is reflected in the following aspects:

1. The legislative organ's supervision over and regulation of the operation of executive organs play only a limited role, and both the power of the state legislative organ and the sense of power of the people's representatives are rather weak.

2. The power of the judicial organ in supervising and regulating the legislative and executive organs is also rather limited.

3. The dominance of the party's authority over the legislative, executive, and judicial powers has violated the independence of the latter three powers. And the party itself lacks a regulatory mechanism.

The Imperfect Democratic System and Legal System

The above-mentioned imperfect regulatory system reflects, in substance, the imperfect democratic system and legal system. When the interests of the state and the people are infringed, the legal system cannot apply sanctions automatically, and the people cannot actively intervene in the matter. So, they can do nothing but sit by and watch the situation going from bad to worse. [paragraph continues]

Finally, the party will be forced to launch a drive of "rectification of party style" or a drive of "dealing severe blows at illegal activities," or to resort to such political struggle as the smashing of the gang of four. In such cases, the society will have undergone some twists and turns and paid a high price. Therefore, it is agreed that the expansion of democracy, the improvement of the mechanism for the people's political involvement, and the perfection of the regulatory mechanism within the power structure and the perfection of the legal system are the basic content and guiding ideology of the reform of the political structure, while the elimination of absolute power which is not subject to regulation in the political life is the key link to the reform.

While holding relatively identical views on the shortcomings of the present system, people are of similar opinion on the areas where breakthroughs are to be made in the political reform, namely, the necessity of the freedom of speech (including the freedom of academic study). Therefore, people demand that the press law, the publication law, and other laws be drawn up as soon as possible with a view to safeguarding the people's freedom of speech.

It is believed that the vanguard discussion at the non-governmental level will serve as a useful reference for the central authorities in drawing up the plan for political structural reform.

PAPER REPORTS HU YAOBANG'S SON GIVEN NEW POST

HK240913 Hong Kong HSIN WAN PAO in Chinese 24 Jul 86 p 4

["Special Dispatch" from Beijing on 24 July: "Hu Deping Appointed Secretary General of the United Front Work Department of the CPC Central Committee"]

[Text] According to informed sources here, Hu Deping, 42, has been appointed secretary general of the United Front Work Department of the CPC Central Committee. He previously worked at the Museum of Chinese History and presented an academic thesis on the study of "A Dream of Red Mansions." Later he was transferred to the CPC Central Party Rectification Guidance Commission and worked as a liaison official in charge of local party rectification work.

It has been learned that Hu Deping will assume his new post in a couple of days. Chen Xin, former secretary general of the United Front Work Department of the CPC Central Committee has been transferred to the State Nationalities Affairs Commission.

Hu Deping is son of Hu Yaobang, secretary general of the CPC Committee.

PLA BIOGRAPHIES INCLUDE LIN BIAO, OTHER REBELS

HK221305 Hong Kong HSIN WAN PAO in Chinese 22 Jul 86 p 4

["Special Dispatch" from Beijing by contributing reporter Wen Po: "The Book Chinese PLA Generals and Marshals Published; It Includes Photos and Brief Biographies of Lin Biao and Others"]

[Text] Beijing, 22 Jul (HSIN WAN PAO) -- The PLA Publishing House recently published "The Chinese PLA Generals and Marshals" to mark the 59th anniversary of the "1 August" Army Day, the founding anniversary of the Chinese PLA.

What has attracted people's attention is that the senior Army officers of the CPC introduced in this book include negative characters which are regarded as being uppardonably wicked, such as Lin Biao, Huang Yongsheng, Xie Zuzhi, Wu Faxian, Qiu Huizuo, and Li Zuopeng. The photos of these people appear in the book together with those of noted generals of the CPC who made brilliant achievements in war and who either are still living or have passed away, such as Ye Jianying, Liu Bocheng, Nie Rongzhen, Zhu De, He Long, and Chen Yi. This book gives factual brief biographies before the abortive coup d'etat of Lin Biao and others, including the time when they joined the party, and the posts they once held in the party, government, and the Army.

There are two things different: One is the change in the order of the list of marshals. In 1955, the CPC conferred the title of a marshal on 10 persons and Lin Biao was the second on the list, second only to Zhue De. At present, the book arranges the list of 10 marshals in the order of the number of strokes in their surnames with Lin Biao is in fifth place. The lists of generals of the same military ranks (such as army generals, colonel generals, lieutenant generals, and major generals) are also arranged in the order of the number of strokes in their surnames. It can be siad that Lin Biao has been "treated equally without discrimination."

The other thing is a reference to how they behaved in the end is also made in the brief biographies of Lin Biao and others. The brief biography of Lin Biao, for example, includes the following passage: "In the 'Great Cultural Revolution,' he and Chen Boda, Huang Yongsheng, Wu Faxian, Ye Qun, Li Zuopeng, Qiu Huizuo, and others colluded to form a reactionary clique which ganged up with the Jiang Ging reactionary clique to carry out the premeditated framing and persecution of party and state leaders and to plot to seize the supreme power of the party and the state. After their plot was exposed, he fled the country by plane and died when the plane crashed at Undur Khan in Mongolia on 13 September 1971. In 1973, the CPC Central Committee decided to expel him from the party. In 1981, the Special Court of the PRC People's Supreme Court confirmed that he was the prime culprit of the reactionary cliques." The following passage is written about Xie Fuzhi: "In the 'Great Cultural Revolution,' he joined the conspiratorial activities of Lin Biao, Jiang Qing, and others to seize the power of supreme leadership of the party and the state. In 1980, he was expelled from the party. In 1981, the Special Court of the PRC People's Supreme Court confirmed that he was a prime culprit of the Lin Biao and Jiang Qing reactionary cliques." The same treatment in words are also given regarding the ending of Huang Yongsheng, Wu Faxian, Li Zuopeng, and Qiu Huizuo.

After reading the book, many readers held that the inclusion of the brief biographies of Lin Biao and others in the book of the generals and marshals show that the CPC respects history. In commemorating the 40th anniversary of the victory of the war of resistance against Japanese aggression last year, the Central Television Station aired a documentary film which showed a photo of Lin Biao at Pingzingguan Pass.

FBIS DAILY REPORT CONTENTS

China

Vol I No 144

28 July 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

Commentary, Editorial on Zhao's 6-Nation Tour A 1
Trip Termed 'A Fruitful Visit' A 1
Zhao's Tour 'Complete Success' [RENMIN RIBAO OVERSEAS EDITION 28 Jul] A 2
Huang Hua Addresses Esperanto Congress Opening A 4
HONGQI on Possibility of Third World War [1 Jul] A 5
USSR Rejects Pakistan Troop Withdrawal Proposal A 14

UNITED STATES

U.S. Responds to Latest Soviet-Arms Proposal B 1
Reagan Policy on South Africa 'Under Fire' B 1

SOVIET UNION

PRC-USSR Economic, Trade Exhibition Opens C 1
Li Peng Message to Arkhipov C 1
Gorbachev Says Pacific Must Remain Peaceful C 2

SOUTHEAST ASIA & PACIFIC

Sino-British Communique Issued on Hong Kong E 1
Hong Kong Delegation Concerned About Daya Bay Plant E 2

SOUTH ASIA

Delhi Reports Border Talks Entering Final Phase F 1
India To Launch Second Communications Satellite F 1

WESTERN EUROPE

Kohl Welcomes Relaxation of East-West Tension G 1
Hails Reagan Response to Soviets G 1

MIDDLE EAST & AFRICA

- Zhao Ziyang Concludes Tunisia Visit, Heads for Home I 1
  - Tours Canal Built With PRC Aid I 1
  - Meets 'Arafat; Reaffirms Support I 1
  - Hosts Return Banquet I 2
  - Meets PRC Representatives I 3
  - Concludes Visit to Tunisia I 3
  - Departs Tunis for Beijing I 4
  - Arrival in Beijing I 4
- Wu Xueqian Meets Lebanaon Foreign Affairs Secretary I 4

PRC NATIONAL AFFAIRS

- Daya Bay First-Stage Facilities Completed K 1
- RENMIN RIBAO Reports Overstock of Consumer Goods [22 Jul] K 1
  - Commentator's Article [RENMIN RIBAO 22 Jul] K 2
- Ministry Gives Figures on Contract Labor System K 4
- Administrative Division Changes Reported [RENMIN RIBAO 19 Jul] K 5
- Minority Region Economic Development Accelerates K 8
- Decision on Strengthening Enterprise Management [RENMIN RIBAO 18 Jul] K 9
- State Council on Distribution of Scientists K 15
- PLA Helps in Local Economic Construction K 17
- Regulations on Investment in Fixed Assets K 18
- JINGJI RIBAO on Slowed Fixed Asset Investment [19 Jul] K 20
  - Commentator's Article [JINGJI RIBAO 19 Jul] K 21
- Yuan Baohua on Improving Enterprise Management K 23
- RENMIN RIBAO on Forming Economic Associations [27 Jun] K 24

PRC REGIONAL AFFAIRS

CENTRAL-SOUTH REGION

- Guangdong Public Security Organs Crack Illegal Deals P 1
- Guangdong Enterprises Solve Unemployment Problems P 1
- Guangdong Meeting of Rural Rectification Liaison Men P 2
- Henan Governor Speaks on Industrial Reform Issues P 3
- Hunan's Mao Zhiyong at Meeting on Reform Work P 4

SOUTHWEST REGION

- Sichuan Discusses Manager Responsibility System Q 1
- Yunnan Vice Governor Makes Economic Report Q 1

NORTH REGION

- Beijing Secretary at Education Work Conference [BEIJING RIBAO 10 Jul] R 1
- Nei Monggol Secretary Inspects Chifeng, Jirem League R 2
- Shanxi's Li Ligong Inspects Work in Qinyuan County R 4

TAIWAN

- National Development Seminar Concludes 25 July V 1
  - Environmental Protection Stressed V 1

Resource Shortage Can Be Offset V 1
Blueprint for Future Offered V 2
Taiwan To Import U.S. Beer, Wine, Cigarettes V 3

HONG KONG MEDIA ON CHINA

Further Reporting on Daya Bay Nuclear Plant W 1
No Change in Plans Contemplated W 1
[WEI WE PO 26 Jul]
Paper Details Plant Study W 1
[SOUTH CHINA SUNDAY MORNING POST 27 Jul]
Waste Facilities Recommended W 5
[SOUTH CHINA SUNDAY MORNING POST 27 Jul]

COMMENTARY, EDITORIAL ON ZHAO'S 6-NATIONS TOUR

Trip Abroad 'A Fruitful Visit'

HK251319 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0306 GMT 25 Jul 86

[Commentary by reporter Li Wei: "A Fruitful Visit by Zhao Ziyang to a Number of Countries"]

[Text] Chinese Premier Zhao Ziyang will conclude his 6-nation visit to Romania, Yugoslavia, Greece, Spain, Turkey, and Tunisia tomorrow and return home. This trip is a major move to further develop China's friendly cooperation and relations with the six countries, as well as demonstrate her concern for the situation in the Balkan and Mediterranean regions. How does one evaluate this 25-day tour of six countries in Europe, Asia and Africa and which covered some 30,000 kilometers of travel? A Chinese official remarked that to use the word "fruitful" to describe the tour would be most appropriate.

The fruitful is exhibited in two aspects. The first is contributing to the promotion of world peace, and the second is the strengthening of friendly cooperation and ties, notably economic cooperation, with the six countries.

Peace is the fundamental problem in the world today and one to which China attaches great importance. This is because China needs a stable domestic and international environment as she goes all out to carry out the four modernizations. Since China's domestic political stability is a reality, it is natural that she pays special attention to world peace. During his visits, Premier Zhao and leaders of the six nations had a full exchange of views on the subject, including questions on the situation in the Balkan and Mediterranean regions, on the Middle East and on disarmament. Both sides shared unanimous or nearly identical viewpoints on many issues.

As is known to all, Romania, Yugoslavia, Greece, Spain, Turkey, and Tunisia are either Balkan or Mediterranean states and are strategically situated. Due to the intensified struggles of the two superpowers in the region in recent years as well as regional problems left over from history, particularly the long unresolved issue of the Middle East, the situation in this region is always in a state of tension and uncertainty. In his talks, Premier Zhao Ziyang indicated: The Mediterranean should not be a forum for contention nor for flaunting of strength by the superpowers. It should be a sea of friendship and peace. Mediterranean affairs should be resolved by the coastal states without intervention from foreign powers and through amicable consultations by all parties concerned. The two superpowers should stop the arms race and seriously conduct disarmament talks, primary of which is a steadfastly adopt practical steps on nuclear disarmament. China's viewpoint and position were highly appreciated by leaders of all countries.

Among the six states of Romania, Yugoslavia, Greece, Spain, Turkey, and Tunisia, they have varying conditions, and in fact, vast differences. Some are socialist countries, others, capitalist. Some are developing countries, others, slightly developed. Some are allied states, and others, nonaligned countries. Nevertheless, aside from sharing much of a common language with China on major international issues, the six states also enjoy very friendly ties and in particular economic and trade relations with China. This information brought along by Premier Zhao is most encouraging.

Lu Dong, minister of the State Economic Commission, and Wang Pingqing, deputy minister of the Ministry of Foreign Economic Relations and Trade, both of whom accompanied Premier Zhao in this visit, held several meetings with their respective counterparts on specific cooperation items and emasures to expand trade and strengthen economic cooperation. The leaders of China and the six nations unanimously agreed that through common efforts, the prospects for China's bilateral economic and trade cooperation with each of the six countries are broad and glorious.

The policy of opening up to the outside world implemented by China is by no means an expedient measure. To the countries who are interested in this issue, Premier Zhao explained: China will carry out the opening up policy for a long-term period. She will be open to developed countries as well as to developing countries. China does not use a social system or ideology as the basis to determine her closeness and friendliness with other states. China's relations with foreign countries are established on the basis of the five principles on peaceful coexistence. The Chinese premier's solemn assurance reiterated China's established policies and was welcomed by the governments and business circles of all countries. It also wiped out doubts of some people and is undoubtedly beneficial to bilateral economic cooperation.

China has always and traditional friendship with Romania, Yugoslavia, Greece, Spain, Turkey and Tunisia. This friendship could be traced back to several centuries ago. During Premier Zhao's visits, the profound sentiments of friendship expressed by the people of the six countries to the Chinese premier was quite moving. Crows were often seen to line up automatically in the streets in order to shake hands with and applaud warmly Premier Zhao. In a small town in Turkey's Izmir, a flower vendor joyously offered flowers to Premier Zhao. On the Greek island of Crete, a peasant family sang and danced for the premier. Outside the Tunis airport, the city's inhabitants enthusiastically played drums and gongs to welcome Premier Zhao's arrival...

The above mentioned stories show the people this fact: The Chinese premier's visit to six countries in Europe, Asia and Africa was successfully concluded, and has achieved its objective "to deepen understanding, strengthen friendship, promote mutual cooperation and safeguard world peace".

Zhao's Tour 'Complete Success'

HK280716 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 28 Jul 86 p 2

[Editorial: "Seeking Peace, Developing Cooperation"]

[Text] Zhao Ziyang, premier of the State Council, concluded his official goodwill visit to Romania, Yugoslavia, Greece, Spain, Turkey, and Tunisia and returned to Beijing on the morning of 27 July. This was another important visit by a main Chinese leader, following the 4-nation West European Tour last month by CPC General Secretary Hu Yaobang.

During his nearly month-long trip, Premier Zhao traveled a distance of more than 30,000 kilometers in spite of the intense heat of summer and had friendly meetings and in-depth and wide-ranging talks with the leaders of the six countries. He also got in touch with figures in various circles and visited some economic construction projects. During their visit, Premier Zhao and his company were accorded a grand and reception by the governments of these countries and were warmly welcomed by their people. There atmosphere of profound friendship from beginning to end.

One of the outstanding characteristics of Premier Zhao's tour of the Balkan-Mediterranean region was of the six nations he visited, some are aligned while others are not, some are practicing the socialist system while some are not, and some are comparatively developed and some are just developing. This shows that China is ready to actively develop friendly ties and cooperation with different countries on the basis of the five principles of peaceful coexistence and to continuously expand and develop contacts and cooperation with various countries in the fields of economy, trade, and science and technology on the basis of equality and mutual benefit. China needs to develop international cooperation in its four modernizations drive. Opening up to the outside world is its firm and basic national policy. Premier Zhao's visit once again shows that China is open to socialist countries as well as to capitalist countries, to numerous developing countries as well as to developed countries. China is seeking international cooperation and joint development with all countries.

What is gratifying is that during this visit, all these countries showed strong desire for furthering friendly ties and cooperation, especially economic and trade ties, with China. Premier zhao also had useful discussions with the state leaders and businessmen of these countries on ways and means of expanding economic cooperation. Common political aspirations and interests of China and these countries and their respective advantages and demands in the economic field helped make this visit yield gratifying results on the development of bilateral relations.

Another characteristic of his visit was that on the two fundamental questions of peace and development, which are facing the world today, China shares broad unanimity of views with these countries. Despite different social systems, different levels of economic development, and different positions in current international political affairs, all these countries have a strong and common desire to relax tension in the international situation, safeguard world peace and regional stability, and carry out construction in a peaceful international environment. This unanimity of views on the issues of fundamental importance has naturally led to identical or similar views on many concrete issues.

The Mediterranean region, which connects Europe, Asia, and Africa, occupies a very important strategic position. Recently, a serious situation has appeared in this region, in particular, the situation in the Middle East is tending towards tension. The Chinese Government is deeply concerned about this. The reason for the tension in the situation of this region is that some questions left over from history have not been reasonably and justly settled, and the intervention and contention of the superpowers has made the situation more complicated.

China always holds that the Balkans and the Mediterranean should not become an arena of rivalry and showing of force by the superpowers, but should have stability and tranquillity and become a sea of peace and friendship. This is not only in the interest of the peoples of this region, but will also contribute to the easing of tension in Europe and the rest of the world. It is of great significance to safeguarding world peace. However, it needs the efforts of the peace force throughout the world to create a peaceful environment in this region, especially the unremitting efforts of the peace force in this region, which has a direct concern with it. The Third World is the main force seeking more contacts with each other, are also forces for peace. Premier Zhao's visit once again showed the world that China, as a force for peace, is ready to join the countries and peoples in this region in the efforts to curb the trend of war, seek world peace, and develop many-sided international cooperation so as to achieve common development.

Premier Zhao's visit to the six countries in Europe and Asia has attained the anticipated purpose of "deepening mutual understanding, enhancing friendship, promoting cooperation on the basis of mutual benefit, and safeguarding world peace." It was a complete success. The friendship and cooperation between the Chinese people and the peoples of these countries will surely continue to grow and they will jointly make more contributions for the safeguarding of world peace.

HUANG HUA ADDRESSES ESPERANTO CONGRESS OPENING

OW271558 Beijing XINHUA in English 1517 GMT 27 Jul 86

[Text] Beijing, July 27 (XINHUA) -- Over 2,000 Esperantists from 50 countries and regions gathered here today to celebrate the opening of the 71st International Espranto Congress.

The congress is the biggest Esperanto conference ever held except in Europe.

Gregoire Maertens, president of the International Esperanto Association declared the opening of the congress. He said, the congress signifies the successful ending of Esperanto's first one hundred years and the hopeful beginning of the second.

He said, "Mutual understanding, development and peace", which is the subject of the congress, meets completely with the major tasks of the association.

He said, the honorary committee (national committee) members of the host country count more than any previous times, "which shows the great attention paid by the Chinese Government". He also said that the congress held in the largest country boasting of a unique tradition of culture and so many participants is a good opportunity for East-West cultural exchanges.

Huang Hua, vice-chairman of the Standing Committee of the NPC and chairman of the honorary committee delivered a speech on behalf of Peng Zhen, chairman of the Standing Committee of the NPC and the supreme guardian of the congress and the honourary committee.

He said, ever since its birth, Esperanto has been connected with the cause of peace, and every Esperanto congress is a grand scene of the power of peace in the international Esperantists. He said, China has always followed the policy of relying on itself and peace diplomacy which he believed echoes what the Esperantists have always been seeking.

He expressed thanks to the International Esperanto Association for launching the congress in China in the eve of the 100th birth anniversary of Esperanto. "This shows the great confidence in China and its Esperanto movements," he said.

Chu Tunan, vice-president of the honourary committee and president of "Friends of Esperanto", an organization formed of colorful figures from various social circles said, all the members of the organization are friends of the Esperantists.

Many foreign ambassadors and embassy officials working in China also attended the opening ceremony of the congress and gave their congratulations.

HONGQI ON POSSIBILITY OF THIRD WORLD WAR

HK240615 Beijing HONGQI in Chinese No 13, 1 Jul 86 pp 20-26

[Article by Chen Qiman: "Tentative Discussion on Postwar Changes in International Relations and the Possibility of Winning Lasting World Peace"]

[Text]

I

Human society has experienced the disasters of two world wars in the 20th century.

World War I took place between 1914 and 1918. It involved 30 nations and a population of 1.3 billion, accounting for 75 percent of the world's population at that time. More than 70 million soldiers were mobilized by the two warring sides. There were over 30 million casualties, in addition to 10 million who died of famine and calamities. The total economic losses exceeded $27 billion. (Footnote 1: "A General World History" (Part 2 of Modern Division) People's Publishing House, 1972 edition, pp 410-411)

World War II, which took place between 1938 and 1945, far exceeded World War I in scope and losses to human society. Around 80 percent of the world's population was involved in the war consecutively, and war was conducted in the territory of 40 countries, with more than 110 million soldiers mobilized by the two warring sides. The battlefield of World War I was restricted to Europe, but the battlefield of World War II spread all over Asia, Europe, Africa, Oceania, and all oceans of the world. Casualties amounted to 50 million, 5 fold over World War I. World War II brought about $4,000 billion worth of materials losses. (Footnote 2: "A General World History" Vol 19, Part 2, edited by Soviet Academy of Sciences, pp 780-781, translated version in Chinese)

That two world wars broke out successively in the first half of the 20th century was by no means accidental, but the product of human society entering the epoch of imperialism.

In the article "Imperialism Is the Highest Stage of Capitalism" and a series of works published around its publication, Lenin profoundly analyzed the inevitability of war between imperialist countries. Lenin pointed out:

Imperialism is precisely monopoly capitalism, and its nature is to pursue a huge volume of monopolist profits. To achieve this, imperialist countries will inevitably contend for the market, places for investment, and raw materials producing areas and struggle to carve up the world. When the world entered the epoch of imperialism, the great powers had already completed carving up the world. Imperialism carved up the world based on its strength. In the epoch of imperialism, the imbalance in capitalist economy, politics, and military strength had been aggravated. Hence, the rise of contradictions is the incongruity between the division of spheres of influence and the actual balance of strength. The newly-rising imperialism, which developed its strength more quickly, inevitably demanded redividing the world, while the old-brand imperialism would never give up its vested interests on its own accord. Thus, acute contradictions and conflicts would inevitably rise and war inevitably break out when the struggle to redivide the world developed to a certain extent.

It was precisely on the basis of a systematic analysis of the economic nature and all conditions of its development that Lenin made his inference, saying: "Imperialist war is absolutely inevitable when private ownership of production means still exist on such economic base." (Footnote 3: Lenin "Imperialism Is the Highest Stage of Capitalism" Preface 2 to French and German editions)

The actual conditions of the two world wars entirely proved Lenin's scientific conclusion.

World War I took place chiefly between the two great imperialist camps, the Entente countries and the Central Powers, and it was an imperialist war typical in its target of redividing the world and contending for world hegemony. World War II was a great antifascist war in human history and its nature differed from World War I, but the underlying cause leading to its outbreak was also contention over world hegemony between the imperialist camps. The culprit that started the war -- the German, Italian, and Japanese fascist aggressive group -- was precisely typical of the newly-rising imperialism in its urgent demand to redivide the world.

II

As World War II brought the world's people grave miseries and tremendous losses, especially the emergence and use of the atom bomb in the latter phase of the war which has cast a shadow of destructive nuclear warfare on the fate of mankind, whether human society could avoid the disasters of a new world war has become a postwar issue of worldwide concern. Politicians, social activists, and scholars of various countries have made speeches or written articles one after another on this issue, and specific works dealing with this topic keep emerging. In the face of such an important current issue, which has a bearing on the future of mankind, Marxists should naturally make their own judgment.

Back in 1952, Stalin put forth his own thesis. According to him, although World War II dealt a heavy blow at a number of imperialist countries, the contention for cheap raw materials and the struggle for a guaranteed market between imperialist countries are still inevitable, and thus the inevitability of wars between capitalist countries still exists. He forecast that such capitalist countries as the United Kingdom, France, the FRG, Japan, and Italy would surely rid themselves of U.S. control and adopt the road of independent development, and their conflicts with the United States would emerge, which, in reality, would be far more serious than the contradictions between socialist countries and capitalist countries. In addition, he pointed out that the peace movement could only postpone the outbreak of war, with a temporary maintenance of peace, but it could not basically eliminate the inevitability of wars between capitalist countries. (Footnote 4: Stalin, "Socialist Economic Issues in the Soviet Union") Stalin's inference was, for a considerably long time, regarded by Marxists as the contemporary authoritative theory on war and peace and widely spread.

It has been over 4 decades since the end of World War II. Postwar history has proved that some aspects of Stalin's inference mentioned above are correct. For example, the United Kingdom, France, Japan, the FRG, and Italy have consecutively rid themselves of U.S. control to different degrees and adopted the road of independent development, and the contention for market and the struggle for raw material producing areas between developed capitalist countries still exist. But speaking as a whole, the situation has not developed as Stalin anticipated. [paragraph continues]

Partial wars and turbulences have never stopped in postwar years; however, they took place mainly in the Third World and not between developed capitalist countries. The contention between the two superpowers has been fierce -- at times it was so tense that the situation was one of touch-and-go -- but both parties always refrained from running head-on at the critical moment. The arms race has continued to escalate, and the danger of a new world war still exists, but there has been no great war so far. Statistics indicate that in the postwar years, there were 139 occurrences of big and small international wars and armed conflicts (including civil wars with obvious foreign intervention) by the end of 1984, of which 135 took place in Asia, Africa, and Latin America. Regarding the nature of the wars, some resulted from the intensified contradictions between the oppressed peoples and nations on one side and new and old colonialists and their agents on the other. Others were between developing nations brought about by historical issues left over from the colonial age, and still others were brought about by the expansionist aggression of regional hegemonism. These wars were often interwoven with the superpowers' contention over the Third World, which has made the conditions all the more complicated. What is noteworthy is that in the 139 occurrences of war, none took place between developed capitalist countries. In fact, no such war or even grave war crisis has ever taken place so far, despite the fact that the contention over markets and the intense competition over raw material producing regions still exist between developed capitalist countries. This has told us that the observation on the contemporary issue of war and peace must be guided by Marxism, in order to draw up new scientific theses starting from the historical facts in the postwar years. We should not stop at Lenin's conclusion drawn around World War I based on the historical facts at that time. Less should we copy, in an oversimplified manner, some of Stalin's concepts proposed in the early years.

Voluminous facts have shown that since World War II, profound changes have taken place in international relations. Although such changes have not been capable of eliminating the threats of a new world war, they have provided a realistic possibility to avoid a new great war. We shall discuss this point from the economic, political, and military aspects as follows:

1. The postwar economic development, the highly developed production, and internationalization of capital in, particular, have continuously strengthened the trend of the economic interdependence of capitalist countries.

More than 100 years ago, Marx and Engels pointed out, with the formation of the capitalist world market, the mutual ties and interdependence of various nations in economy gradually took the place of their original self-closure and self-sufficiency. However, until World War II, the course of production and reproduction of capitalism was chiefly conducted within the realm of each nation. The capitalist countries went through a high-rate development between the 1950's and early 1970's. With the great development in economy, science and technology, a further breakthrough of the narrow national realm was demanded in capitalist production and division of labor as well as an expansion to the international realm in great breadth and depth. The establishment of thousands of transnational and multinational corporations, the merging into one of the European economy as well as the economies of other regions, the establishment of various international organizations with developed capitalist countries in the main -- the World Bank, the International Monetary Fund, economic cooperation and development organizations, and monetary and tariff unions -- as well as the establishment of an international economic order and system aiming to safeguard the interests of developed countries have emerged to meet the needs of further internationalizing capitalist production and division of labor. [paragraph continues]

The organized and planned division of labor inside some big enterprises has already expanded to a global scope, with transnational corporations and unified economic organizations pushing it forward. Such high-level internationalization of production and capital has enabled the unprecedented tremendous development in the mutual ties and interdependence of various nations in economy.

A conspicuous expression of such trends of interdependence between capitalist countries is the mutual infiltration of capital between all developed countries. The chief targets of direct overseas investment were colonies and semicolonies before World War II. Seventy percent of direct overseas investment of several major capitalist countries in 1938 were in Asia, Africa, and Latin America. (Footnotes 5: "On the Basis, Characteristics, and Functions of the Extensive Development of Mutual Capital Infiltration Between Developed Nations," SHIJIE ZINGZI 1982 No 7) The internationalization of capital in postwar years has manifested itself not only in the growth of the volume of export capital by a large margin (long-term overseas investment of major capital-export countries grew about 10 fold in the 3 decades between 1945 and 1975), but also in the rapid growth of direct investment between developed countries, exceeding their direct investment in developing nations and regions by a large margin. The mutual direct investment between developed countries already accounted for 70 percent of their total volume of direct overseas investment in the early 1970's. (Footnote 6: (Soviet Union) "Contemporary Political Economics of Monopoly Capitalism" Vol 2, Chinese translated version, p 106) This trend has continued to strengthen in recent years. For example, U.S. direct overseas investment in developed countries accounted for 75 percent of the total volume of its direct overseas investment in 1983. (Footnote 7: (U.S.) Business Conditions Digest [Shangye Xianzhuang 0794 2814 3807 3692], August 1984) The FRG's accumulated overseas direct investment in developed countries between 1961 and 1982 accounted for 94 percent of its total volume of direct overseas investment during the same period. (Footnote 8: 1984 "White Paper on Overseas Market," Chapter on Investment, p 354, edited by the Japanese Trade Renovation Society) The accumulated direct overseas investment of the United Kingdom in developed countries by the end of 1981 accounted for 80 percent of its accumulated volume of direct overseas investment. (Footnote 9: According to the 1985 "Direct Overseas Investment of the World and Japan" edited by the Japanese Trade Renovation Society) Japan's direct overseas investment originally focused on developing countries, and its direct overseas investment in developed countries accounted for 45.3 percent of its total volume of overseas investment between 1972 and 1980; but between 1981 and 1984, this proportion went up to 50 percent. (Footnote 10: (Japan) TOKYO BANK WEEKLY, Vol 29, p 2, 10 Oct 85) Such a condition cannot but profoundly affect the relations between capitalist countries.

As mentioned above, Lenin and Stalin chiefly based their analysis on the irreconcilability of capitalist countries' contradictions in their contention over markets, places of investment, and raw materials producing regions concerning the inevitability of wars between capitalist countries. Today, contention between developed capitalist countries over spheres of influence continues to exist. The capital infiltration between them is also filled with the struggles of making use of each other, fierce contention, restriction, and counterrestriction. However, we cannot deny the fact that the mutual capital infiltration between capitalist countries based on a high level of specialization in production in breadth and depth, being deeply involved and convoluted with each other, will inevitably make them share the same fate and form a relation between them in which "all will suffer if one suffers, and all will benefit if one benefits." [paragraph continues]

Under such circumstances, war is no longer an appropriate means to resolve the contradictions and conflicts between them. For example, it is universally known that fierce trade fiction exists between the United States, Japan, and Western Europe which can be very acute at times. However, each has huge investments in the other countries. Based on 1983 statistics, the United States had an accumulated direct investment of $102.4 billion in Western Europe, while Western Europe had an accumulated direct investment of $82.7 billion in the United States. The United States had an accumulated direct investment of $8.063 billion in Japan, while Japan had an accumulated direct investment of $11.336 billion in the United States. (Footnote 11: (USA) BUSINESS CONDITIONS DIGEST, August 1985) It is obvious that once war breaks out between them, both parties will suffer tremendous economic losses, which will far exceed the interests the victor may reap in war. For another example, the international economic order established in postwar years has been an important condition for the smooth operation of the highly internationalized Western production and capital. Once such order is upset by war on a large scale, it will inevitably lead to great confusion of the entire capitalist economy. Therefore, despite that such order was established in the first years after World War II, showing the balance of strength at that time, which is especially favorable to the United States, and that there have been hundreds of quarrels between various capitalist countries in order to oppose and to "correct" such inequality, nobody has ever wanted to settle the problem with war, and continuous talks and repeated bargaining have been conducted for readjustment. The system of an annual summit meeting of the seven Western nations since 1975 has been established exactly to meet such needs. Therefore, we can see that the conditions based on which Lenin made the thesis of the inevitability of imperialist war have already undergone great changes. Failure to study such profound changes in the groundwork and conditions for the development of modern monopoly capitalism will make it very difficult to understand why a single war has not broken out between the capitalist countries since the end of World War II despite the contradictions and conflicts of all descriptions between them. True, there are the roles of political factors (the acute political and military antagonism between the East and the West and the dependence of medium and small capitalist states on the U.S. nuclear umbrella) but in the final analysis, what plays the decisive role are economic factors.

2. The rise of the Third World in the international arena in postwar years and the formation of the multipolar pattern of the world have put an end to the situation of several powers dominating the world of the prewar years.

The world people paid a great price for overcoming fascism during World War II, but simultaneously won historic progress. The great historical significance of World War II lies in the fact that it gravely reduced international imperialism and opened up a new phase for the revolutionary struggles of the oppressed people and nations. The national liberation movement of Asia, Africa, and Latin America has surged forward since the end of World War II, the imperialist and colonialist system has disintegrated rapidly, and a large number of countries have rid themselves of long-term colonial rule, won their national independence, and are now striving to develop their national economy and safeguard their national independence and sovereignty. The Third World, which comprises these newly-rising countries (including socialist China), is a matter of great importance in our times. It means losing forever secure rear areas for the imperialist countries. The Third World has turned the United Nations, once a voting machine manipulated by some powers, into a platform for many medium and small states to uphold justice. The emergence of the Third World has greatly changed the situation in which the superpowers may arbitrarily manipulated the world's fate. [paragraph continues]

World War II and the postwar political and economic development have also profoundly changed the world's political pattern. Over a very long historical period, Europe, as the cradle of capitalist and industrial revolution, with its economic and military strength being the strongest, was once the center of the international structure. The United States and the Soviet Union have risen since the end of World War II. The capitalist and socialist camps emerged in the early postwar years and took the place of the pattern with Europe as the center. But later the situation went through great changes. The United States has rapidly fallen from the height of its development and its dominating position in the early postwar years; however, it is still the most powerful capitalist country in the world so far. The Soviet Union did its utmost to catch up with the United States in the mid-1950's; by 1970's, the Soviet Union became the sole superpower capable of contending with the United States for world domination. Western Europe has implemented unification, which makes its economic renovation and development possible. Japan has developed into a capitalist economic power second only to the United States, and is working hard to make itself a political power. Socialist China has continuously grown in power. At the same time, many developing countries are becoming more and more important forces in international politics. The multipolar trend has become an irresistible tide in the world.

The roles of the Third World's rise and the formation of a multipolar world pattern in checking a new world war are easily seen. As is known to all, the United States and the Soviet Union are the two superpowers that possess powerful military strength to launch a world war and more than 95 percent of the nuclear weapons of the world today, and the chief danger of a new world war derives from their contention over world domination. However, no matter how powerful they are, a series of deployments, including the building of military strategic bases, the control over important strategic passages, and the organization of allied forces, must be conducted if they want to launch a world war. One of the important reasons why the two world wars in the past were easily mobilized was that several imperialist powers were manipulating the world's fate, while the world's people and the medium and small states were powerless. Voluminous historical facts disclosed since the end of World War II have shown that in the crucial days when Hitler was marching toward the Rhine, annexing Austria, and invading Czechoslovakia, the war could have been pinned down or postponed had it not been for the appeasement policy of the British and French Governments, when the medium and small states were powerless facing the war threats, which became inevitable in the end. Things have changed a great deal since the end of World War II, the aggressive expansionism of great powers have continuously met with setbacks because of the staunch resistance of the medium and small states and their peoples, who are determined to safeguard their national independence and sovereignty. The United States met with defeat in Vietnam, and the Soviet Union is bogged down in its invasion of Afghanistan and its support for Vietnam's invasion of Cambodia; all this shows that the strategic deployments of the superpowers have been continuously upset and have been very difficult to achieve. This is the most important factor to check a new world war.

3. Development of the nuclear arms race of the superpowers has formed the so-called "nuclear terror balance," which makes both parties refrain from launching war rashly and makes the world peace movement develop into a powerful organized force today.

A remarkable characteristic of postwar international political life is the nuclear arms race between the superpowers. Today, both the two superpowers -- the United States and the Soviet Union -- own huge nuclear arsenals, they match each other in strength, and each has its merits and shortcomings. Both fear its own nuclear weaponry being smashed by a "first strike" of its opponent. Therefore, both are sparing neither tremendous manpower nor financial and material power to continuously improve all kinds of nuclear weapons and their vehicles in the nuclear arms race to contend for military superiority. As a result, both sides possess several times the power needed to bring destruction on its opponent, far exceeding the needs for an actual war. This has formed the so-called "nuclear terror balance," for neither is immune to a counter attack if a first strike is launched. Reagan's "Star Wars" initiative aims to break up this "nuclear terror balance" and acquire overwhelming superiority over the Soviet Union in military; however, the Soviet Union will not resign itself to this. The arms race between the United States and the Soviet Union will continue; contention over superiority in space has become the focus of this race. The history of the 4 postwar decades proves that despite the ever-escalating arms race between the superpowers, neither has won the upper hand, and neither will rashly launch the first strike. This is because either side has the capability to bring destruction on the other. In the final analysis, the outbreak of all war is rooted in the conflicts in economic interests between the antagonistic parties. The basic principle of war is preserving oneself and eliminating the enemies, and all weapons serve this principle without exception. When weaponry develops that threatens the existence of mankind, and the result of war means destruction not only to the opponents but also to oneself, anyone would carefully consider the consequences of war. That is an important reason why the two superpowers have avoided running head on at crucial moments despite their fierce contention.

But this does not mean that the future of world peace and the fate of mankind are determined chiefly by the "nuclear terror balance" of the two superpowers. The chief decisive factor is the forces that pin down the United States and the Soviet Union, restrict war, and safeguard world peace on a worldwide scale are developing and growing stronger with each passing day. The Third World countries, including the PRC, have become the mainstay of peace forces, and they have continued to play the role of the main force of safeguarding world peace and opposing hegemonism. China has adhered to the peaceful foreign policy of independence and taking the initiative in its own hands and has played an important role in opposing and checking hegemonism and safeguarding peace and stability in the Asian-Pacific region as well as the whole world. The West, North, and East European countries also want peace and not war, because they have gone through two great wars. Another positive trend is that some countries, either belonging to certain groups or not, are increasingly pursuing an independent policy and playing an important role in such issues as disarmament, opposing the nuclear arms race, and demanding relaxation of the tense international situation. Even the peoples in the United States and the Soviet Union are also strongly opposed to war and have brought greater and greater pressure to bear on their decisionmakers. All this has formed into ever-growing forces of safeguarding peace and checking war. We can see that as nuclear weaponry has constituted great danger to the existence of mankind, it has also promoted the unprecedented vigilance of the world people against war threats and the continuous rise of the movement to oppose the nuclear arms race and to safeguard world peace, which has become one of the strongest tides in the world today. Powerful evidence is the momentous antinuclear peace movement waged in developed capitalist countries since the beginning of the 1980's.

Regardless of the feasible possibility of preventing another world war provided by such profound changes in postwar international relations, with one's thinking lagging behind the actual conditions, one will land in a passive position and become weak and powerless in this struggle to safeguard peace that has a bearing on the fate of mankind. Of course, we must also see that the contention over world domination between the superpowers is now still very intense, the tense situation on a regional scope will continue to exist, the turbulence in the world situation will go on, and the danger of another world war still remains. The two factors and the two trends of both war and peace are developing. Whether human society will prevent another disastrous war of destruction on an unprecedented scale is, in the final analysis, determined by the result of the struggle between the two trends. Overestimation of the "sincerity" of the U.S.-Soviet summit talks, and the assertion that "relaxation has already become the general characteristic and trend of contemporary international politics," thereupon underestimating the danger of another world war, is inappropriate and harmful.

III

Since the end of World War II, China's Marxists have undergone a process of development and change in the understanding of war and peace.

When World War II was just ended, the antifascist alliance formed during the war soon split into two camps, and not long after the so-called cold war burst out. At one time, the atmosphere created by "the inevitability of war between the United States and the Soviet Union" and the "inevitability of World War III" was very strong and caused panic. Under such circumstances, CPC leader Mao Zedong made a scientific analysis of the international situation. Mao Zedong sharply pointed out that the danger of a new world war exists; however, at a time when World War II had just concluded, the fact that the United States should launch its propaganda on an anti-Soviet war in such a big way could only be a smokescreen to cover up its oppression of the American people and the expansion of its aggressive forces to the capitalist world. He pointed out that so long as resolute and effective struggle is carried out against the world's reactionary forces, a new world war can be avoided. (Footnote 12: "Talks With the American Journalist Anna Louis Strong," "Selected Works of Mao Zedong" Vol 4)

The founding of the PRC brought about tremendous changes in the balance of international political forces. Again, in 1950, Mao Zedong explicitly pointed out: "The war threats of the imperialist camp still exist, and the possibility of World War III still exists. However, the forces struggling to check the danger of war and to prevent the outbreak of World War II are developing very fast. So long as the communist parties throughout the world continue to unite all possible forces of peace and democracy and make still greater development, a new world war can be checked." (Footnote 13: Mao Zedong: "Strive for the Basic Turn for the Better of the Nation's Financial and Economic Conditions")

These scientific theses on war and peace of Chinese Marxists with Mao Zedong as their representative have already been verified by historical facts. These theses have not only armed the Chinese people in resisting the world war threats and the blackmailing of imperialism and the reactionaries and in daring to seize and consolidate victories when the time was ripe, but also inspired the national liberation movement in its vigorous rise at that time.

However, for some time since the 1960's, with the gradual rise of "leftist" ideological trends, "taking class struggle as the key" was stressed once again in China, and the estimation of the international situation was likewise affected by "leftist" views. Especially after the mid-1960's, it was believed that war was becoming close at hand and would even break out at any moment, because the United States had launched the aggressive war in Vietnam and the anti-China movement of the Soviet leadership had escalated. Such an estimation not only affected China in drawing up its foreign policies, but, to a large degree, China's domestic policies. As a result, the 1964 third NPC resolution on the four modernizations failed to be well implemented. It cannot be said that the initiation of the "Great Cultural Revolution," which was erroneous, was not related with such "leftist" estimation of the international situation.

The 3d Plenum of the 11th CPC Central Committee reestablished the ideological line of seeking truth from facts, linking theory with practice, and starting from the actual conditions in everything. Based on this line, the Chinese Marxists have reevaluated the question of war and peace in the world today through sober analysis and long-term study. Such reevaluation has been systematically discussed in many of the speeches by China's leading members published in recent years. It is precisely:

1. Peace and development is the most important and pressing issue of the world today. as well as a question of global strategy. These two important issues are closely linked. Peace is the necessary condition for developing economy and expanding international cooperation, while economic development of the world's nations, the Third World in particular, and expansion of international cooperation are in turn important factors for strengthening peace forces.

2. Today, the danger of a new world war still exists. The danger comes chiefly from the arms race and contention over some regions between the two superpowers, the United States and the Soviet Union, which possess over 95 percent of the nuclear weaponry. In our world today, only the United States and the Soviet Union are eligible to fight a world war, and the arms race between them has already expanded from the ground, sea, and air to outer space. If such large-scope escalation trend is not checked, the arms race will undergo qualitative changes, thus increasing the war danger and bringing about gave threats to world peace.

3. The peace forces restricting war have made heartening development in recent years, and the world's people have further raised their consciousness to oppose unjust wars. The Third World, accounting for three-fourths of the world's population, is the chief force safeguarding world peace. The Third World most wants peace, and the development of the Third World forces means the development of peace forces. China, pursuing a peaceful foreign policy of independence and taking the initiative in its own hands, is a powerful factor in safeguarding world peace in the Third World. The forces restricting war will make one step forward with every advance China makes in its development. At present, the peace movement rising in all places over the world has shown the strong aspiration for peace of the people of all countries. The European people, the Japanese people, the Canadian people, and people of the Oceania do not want war; nor do the American people and the Soviet people. Noteworthy is the development of the European peace forces. Europe, including both East and West Europe, has already become an important force in checking war and safeguarding world peace. The worlds' forces of safeguarding peace are further developing, and the growth of the world's peace forces will exceed that of war forces.

So long as the world's people genuinely unite as one, carry out resolute struggle against all expressions of hegemonism and expansionism and continuously upset their strategic deployment, it is entirely possible to prevent a new world war and the cause of safeguarding world peace is very hopeful. If war will not break out in this century, peace in the next century will be still more hopeful.

It is based on just such evaluation that Comrade Deng Xiaoping has explicitly pointed out of late: We said in the past that world war is inevitable; we have now changed our view. Based on the developmental trends of the international situation, we can win peace; but of course, a series of work needs be done to win peace. (Footnote 14: RENMIN RIBAO 24 Apr 86)

These new theses on war and peace of Chinese leaders are by no means a moment's change in strategy or slogans in propaganda, but based on scientific analysis of the profound changes in the postwar international relations and conclusions drawn through repeated studies and thinking on voluminous post war historical facts and the actual conditions of the contemporary world. These scientific theses have not only provided grounds for China's current peace foreign polices of independence and taking the initiatives in its own hands, but also the theoretical base for China to devote its heart and soul and all its efforts to the four modernizations and building socialism with Chinese characteristics. It is precisely based on such an evaluation that the Chinese Government resolutely made the resolution on cutting back a million troops in 1985, taking the lead in making contributions to safeguarding world peace with practical actions. These scientific theses have powerfully armed and inspired the determination and confidence of the Chinese people striving for lasting peace. The Chinese people will unite with all the world's peace-loving people in the struggles against hegemonism and for safeguarding world peace.

USSR REJECTS PAKISTAN TROOP WITHDRAWAL PROPOSAL

OW260002 Beijing XINHUA in English 2344 GMT 25 Jul 86

[Text] Moscow Jul 25 (XINHUA) -- A TASS News Agency's commentary Friday indicated that Moscow rejects the reported Pakistani proposal that Soviet troops leave Afghanistan immediately.

In a commentary on the seventh round of Afghan-Pakistani indirect talks scheduled for next Wednesday in Geneva under United Nations auspices, TASS said Pakistan was "unrightfully overemphasizing the question of the dates for the return of Soviet troops."

The Soviet Union has more than once expressed willingness to withdraw its troops from Afghanistan as soon as possible but refused to accept the condition that Soviet troops be withdrawn within three to four months.

Western analysts say the Soviet Union has more than 100,000 troops in Afghanistan, sent there in December 1979 to shore up the Moscow-backed government and help it battle Moslem guerrillas.

Blaming Pakistan for the lack of progress in the U.N.-mediated peace efforts, Tass repeated Soviet charges that "the prime cause" of the Afghan warfare was "armed and other interference in Afghanistan's internal affairs."

The news agency emphasized that Moscow will recall its troops only when "outside interference" has ended.

U.S. RESPONDS TO LATEST SOVIET-ARMS PROPOSAL

OW270059 Beijing XINHUA in English 0044 GMT 27 Jul 86

[Text] Moscow, July 26 (XINHUA) -- U.S. Ambassador Arthur Hartman today handed to Soviet Foreign Minister Eduard Shevardnadze U.S. President Ronald Reagan's letter in response to the Kremlin's latest arms control proposals. The meeting between Hartman and Shevardnadze, which latest about a hour, concerned "questions of mutual interest," the official news agency TASS reported without disclosing details.

Shevardnadze had said the day before that the focus of today's Soviet-American relations was to hold a new summit.

Soviet leader Mikhail Gorbachev proposed on June 23 a 30 percent cut in nuclear missiles in exchange for a a 15-year extension of the 1972 Anti-Ballistic Missile Treaty, which would bar deployment of the U.S. Strategic Defense Initiative (SDI) program for a space-based missile defense.

U.S. press reports have said Reagan offered in the letter a five-to-seven-year commitment to the treaty if the Soviet Union accepts the deployment of SDI at the end of this period.

REAGAN POLICY ON SOUTH AFRICA 'UNDER FIRE'

OW241312 Beijing XINHUA in English 1210 GMT 24 Jul 86

[Roundup: Reagan's South Africa Policy Under Fire (by Shi Lujia) -- XINHUA Headline]

[Text] Washington, July 23 (XINHUA) -- President Ronald Reagan's speech on South Africa reaffirming the White House's refusal to consider economic sanctions against the Pretoria regime has put his administration under fire at home.

Reagan delivered the speech yesterday after one month of re-examining his South Africa policy. However, the speech turned out to be "nothing new". Instead it showed no essential changes have been made to Reagan's original position, namely, no disengagement with and no sanctions against the Pretoria regime an no support for the black majority's armed struggle against apartheid.

Since the South African regime announced the reimposition of the state of emergency in the country on June 11, the whole world has voiced strong opposition. Many nations imposed economic sanctions on South Africa to force the racist regime to lift the state of emergency and finally to end apartheid in the country.

Inside the United States, Congress and various organizations, especially those of black Americans, have shown great concern over the developments in South Africa. The Reagan administration has been repeatedly urged to give up its "constructive engagement" policy and to join in the economic sanctions against South Africa.

The House of Representatives adopted a resolution on June 17 demanding the immediate withdrawal of U.S. companies from South Africa and a halt to investment in the country.

Under the pressure from their constituents, many Republican senators who in the past favored Reagan's policy have changed their minds. They warned the White House that if the government remains weak with Pretoria it could produce an anti-Republican backlash in congressional elections this fall. As a result, the Republicans could lose their majority in the Senate. Under these circumstance, Reagan decided to re-examine the policy on South Africa.

Explaining the reason why the United States will not distance itself from the Pretoria regime, Reagan said that South Africa is of key strategic significance because it controls the oil supply routes to the West and is rich in many strategic minerals that are very important to the West. Since the Soviet Union has a covetous eye on the region, "it would be a historic act of folly," if the West and the United States abandoned South Africa, Reagan said.

The U.S. President said that he refused to impose economic sanctions against South Africa because the elimination of apartheid is South Africa's own business. The problem should be solved through negotiations between the Pretoria regime and its opposition forces without outside pressure, and he stressed that sanctions would "hurt the black South Africans."

Reagan defended his policy even by enhancing the image of the racist South African authorities, saying that they have been aware that apartheid "belongs to the past," and made "a dramatic change" in the past few years.

Reagan argued that he could not support the struggle of the African National Congress (ANC) against apartheid because the ANC is backed by the Soviet Union. He labelled the ANC guerrillas as "terrorists." The South African Government is "under no obligation to negotiate the future of the country with terrorists," he added.

Referring to Pretoria's crackdown on black struggle against the state of emergency, Reagan said as a government it "has a right and responsibility to maintain order in the face of terrorists."

Reagan's speech not only disappointed and frustrated many of his supporters but also provoked strong criticism and condemnations. Many congressmen and organization leaders voiced their opposition to Reagan's pro-South African policy. They described the Reagan administration as a "defender" and "guarantor" of apartheid.

Senator Edward Kennedy said that Reagan "continues to embrace a failed, flawed and bankrupt policy." His speech implies "only more aid and comfort to apartheid," which "makes America the last best frient of apartheid."

Senator Lowell Weicker described Reagan's South African policy as a "disgrace" for America. "It is the time to stop thinking about South Africa's minerals and diamonds. It is time to start practicing American values," he added.

Reagan's speech was originally designed to silence the growing criticism of his South African policy from the American public and to prevent the Senate from adopting a resolution on sanctions against South Africa as the House of Representatives did. However, the response is contrary to his expectations. The "Washington Post" points out in today's news analysis that due to Reagan's speech, the possibility that the Senate will pass the resolution on sanctions against South Africa has increased.

PRC-USSR ECONOMIC, TRADE EXHIBITION OPENS

OW251424 Beijing XINHUA in English 1355 GMT 25 Jul 86

[Excerpts] Moscow, July 25 (XINHUA) -- A Chinese economic and trade exhibition, the first of its kind held by China alone in the Soviet Union since 1953, opened today at Sokolniki Park in Moscow this morning. The fair is being held under an agreement between the two governments on exchanging exhibitions in 1986. A Soviet industrial and trade exhibition is scheduled to be held in Beijing in December.

First vice-chairman of the Soviet Council of Ministers Ivan Arkhipov and Jia Shi, chairman of the China Council for Promotion of International Trade attended the opening ceremony.

Li Peng, vice-premier and Chinese chairman of Sino-Soviet Commission on Economic, Trade, Scientific and Technological Cooperation, sent a congratulatory letter which was read at the opening event. [passage omitted]

Arkhipov said in his speech at the opening ceremony that the Soviet people have been following with interest the economic development in China. He wished the exhibition a success.

Jia Shi said that China hopes to develop economic and trade ties of diverse forms with the Soviet Union and other countries. The exchange of fairs is a good way of expanding trade and promoting understanding and friendship.

Evgeny Pitovranov, chairman of the Soviet Board of Chamber of Commerce and Industry, agreed that the exchange of exhibitions will give an impetus to the economic and trade ties.

After the ceremony, Arkhipov visited the exhibition where Chinese-made satellites and a model of the "Long March-3" rocket triggered great interest from the guest. There are more than 4,000 exhibits to be viewed in the 2,500-square-meter exhibit hall at Sokolniki Park.

Visitors can see lathes, generators, light industry machines, satellite technology, ferrous and non-ferrous products, chemical and electronic products, household electrical appliances, textiles, fashion and food from 27 Chinese ministries and trade companies. The exhibit reflects achievements scored in China in recent years. The fair ends August 10.

Li Peng Message to Arkhipov

OW271132 Beijing in Russian to the USSR 1800 GMT 25 Jul 86

[Text] The ceremonial opening of the PRC trade and economic exhibition took place in Moscow on the morning of 25 July. This is the largest trade and economic exhibition organized independently by China in the Soviet Union in more than 30 years. Arkhipov, first deputy chairman of the USSR Council of Ministers, attended the opening of the exhibition. A message of greetings from Li Peng, co-chairman of the Sino-Soviet Commission on Economic, Trade, Scientific, and Technical Cooperation and vice premier of the PRC State Council, addressed to Arkhipov as Soviet co-chairman of the commission, was read at the opening.

The message says: On the occasion of the opening of the PRC trade and economic exhibition, on behalf of the PRC Government and on my own behalf, I thank you and appropriate departments of the USSR for support and assistance in organizing this exhibition. I note with satisfaction that Sino-Soviet trade has developed fairly well in the last few years, and that good foundations have been laid for economic relations and scientific-technical cooperation between the two countries. I am certain that this exhibition, and the Soviet industrial-trade exhibition to be organized in Beijing this December, will be a further contribution to the expansion of trade and economic relations between the two countries.

China and the Soviet Union are close neighbors. We always greatly cherish the traditional friendship between the peoples of the two countries. We hope that the current PRC exhibition will be successful and will play a positive role in contributing to mutual understanding and friendship between our two peoples.

The PRC exhibition pavilion, with an area of 2,400 square meters in Sokolniki Park, carries over 4,000 exhibits. They include machine tools, light industry equipment, electric generators, instruments; products of the petrochemical industry, ferrous and nonferrous metallurgy, and electronics industry; domestic electrical appliances, consumer goods, textiles, garments, and food products. These exhibits supplied by 5 ministries and 22 trading companies of China reflect to a certain extent PRC achievements in economic construction during the years of the Sixth 5-Year Plan period. The exhibition will close on 10 August as planned.

GORBACHEV SAYS PACIFIC MUST REMAIN PEACEFUL

OW280124 Beijing XINHUA in English 0107 GMT 28 Jul 86

[Text] Moscow, July 27 (XINHUA) -- Soviet leader Mikhail Gorbachev said today the Pacific region must remain quiet and peaceful but added that the United States is playing with the idea of building a new military bloc in the area. Gorbachev was shown by Soviet state television chatting with a crowd at a young pioneer camp near the eastern port of Vladivostok. He told them he would make a major speech tomorrow on the economic development in the Soviet far east and on Soviet relations with other Pacific countries such as the United States, Japan and China.

The Soviet leader stressed the need to do everything possible to stop the attempts of building military blocs. "The Americans are already playing with this idea but we are categorically against it. We must build relations in such a way that it is quiet and peaceful in the Pacific ocean," he explained.

Gorbachev also repeated his constant message that the whole country needs to work hard to revive the economy. He said the economic reform now underway in the country will be sucessful only with the support of the entire Soviet population, including ordinary workers.

Gorbachev, who arrived on Friday in Vladivostok, 7,000 km (4,500 miles) east of Moscow, is the first top Soviet leader to visit the region since it was visited by Nikita Khrushchev and Leonid Brezhnev. The far east, which has many of the country's untapped mineral resources, is of great strategic and economic importance to the Soviet Union.

Earlier today, Gorbachev reviewed a display of his nation's naval might in the Pacific port of Vladivostok. The anti-submarine missile cruiser Minsk and the nuclear-powered missile-carrying cruiser Frunze took part in the navy day parade.

SINO-BRITISH COMMUNIQUE ISSUED ON HONG KONG

OW270025 Beijing XINHUA Domestic Service in Chinese 0816 GMT 27 Jul 86

[Text] London, 25 Jul (XINHUA) -- The Sino-British Joint Liaison Group ended its fourth meeting here this afternoon. A press communique was issued on the meeting. The text reads as follows:

Press Communique on the Fourth Meeting of the Sino-British Joint Liaison Group.

1. The Sino-British Joint Liaison Group held its fourth meeting in London from 22 to 25 July 1986. The meeting dealt with a full agenda and achieved positive results. The two sides were satisfied with the work done by the experts since the third meeting of the Joint Liaison Group.

2. The Joint Liaison Group approved the work done since the third meeting on Hong Kong's future shipping registration system and agreed on principles governing the establishment of a shipping registration office.

3. The Joint Liaison Group continued its discussion on travel documents of Hong Kong residents. The two sides reached agreement on the terms of the right of abode endorsement to be entered in the new certificates of identity. The group recalled their agreement reached, in principle, at the third meeting of the Joint Liaison Group that "certificates of identity issued in Hong Kong before 1 July 1997 will, as of that date, continue to be used, as a transitional arrangement. [no closing quotation marks as received] and agreed that certificates issued between 1 July 1987 and 30 June 1997 would continue to be valid for 10 years. The two sides agreed on the design of the future Hong Kong residents' identity cards and exchanged views on legislative aspects of the right of abode endorsement.

4. The Joint Liaison Group reached agreement on detailed working rules for its standing subgroup of experts on international rights and obligations. They agreed that the Hong Kong Special Administrative Region should maintain its own separate postal administration and that its representatives should participate as members of the Chinese delegation in meetings of the Universal Postal Union. The Joint Liaison Group also agreed that the Hong Kong Special Administrative Region should continue to have its own meteorological organization and to maintain its membership in the World Meteorological Organization. The Joint Liaison Group will consult further on practical steps to be taken toward this end.

5. The Joint Liaison Group, in accordance with the relevant provisions of the "Joint Declaration," held a useful discussion on matters concerning government functionaries, including a future pension system.

6. The two sides noted with satisfaction Hong Kong's new status in the General Agreement on Tariffs and Trade, which was achieved following an agreement at the previous meeting of the Joint Liaison Group.

7. The Joint Liaison Group held a useful and constructive discussion on civil air service agreement and reached a common view.

8. The Joint Liaison Group decided to hold its next meeting in Beijing from 26 to 28 November 1986.

HONG KONG DELEGATION CONCERNED ABOUT DAYA BAY PLANT

HK260534 Beijing XINHUA Hong Kong Service in Chinese 0359 GMT 26 Jul 86

[Text] Hong Kong, 26 Jul (XINHUA) -- A 12-man delegation from the Hong Kong "Joint Conference for the Shelving of the Daya Bay Nuclear Plant," including Fung Chi-wood, went to the Hong Kong branch of XINHUA On the morning of 26 July to make known their views on the building of the Daya Bay nuclear plant. Hu Hui, a responsible person of the social work group of the Hong Kong branch of XINHUA, received them.

After listening to their views, Hu Hui said, China's leaders have reportedly stated that full attention will be paid to safety in the Daya Bay nuclear plant and that this problem must be handled with great care. General Secretary Hu Yaobang, Vice Premier Li Peng, and other responsible persons of sectors concerned have all emphasized this point. The facts too have shown that the Chinese Govenment is indeed prudent regarding nuclear plant safety issues. For instance, in September China and France will jointly carry out a further examination of safety at the Daya Bay plant; and recently, the State Council has promulgated regulations on nuclear plant safety and strengthened the measures in this respect.

Hu Hui sais that the apprehensions of the Hong Kong compatriots regarding nuclear plant safety are understandable, anc the Chinese Government is well aware of these apprehensions and attaches great importance to them. The Chinese Government will properly handle the Daya Bay nuclear plant issue based on the attitude of respecting science and attaching importance to safety.

Hu Hui also said that the Hong Kong branch of XINHUA has consistently paid great attention to the views of all sectors in Hong Kong over the Daya Bay plant, and has also made accurate reports on these views to the State council and the units concerned. We will also accurately relay to Beijing the views you have expressed today.

DELHI REPORTS BORDER TALKS ENTERING FINAL PHASE

BK230859 Delhi Domestic Service in English 0830 GMT 23 Jul 86

[Text] The seventh round of Sino-Indian border talks entered its concluding phase today with a review of the western sector and an exchange of views on the international situation. A PTI report from Beijing says before today's final plenary meeting, the leader of the Indian delegation and the foreign secretary, Mr A.P. Venkateswaran, sought clarifications on specific points of disagreement on the boundary question from his Chinese counterpart, Vice Foreign Minister Liu Shuqing. The agency says the western sector came up for review before the boundary subgroup after it completed a survey of the eastern sector. The middle sector running around Uttar Pradesh and Himachal Pradesh will be taken up in the next meeting.

India's charge about last month's Chinese intrusion into the Sumdorong Chu valley area of Arunachal Pradesh is also believed to have come up for discussion during the review.

In the science and technology group there was an agreement to retain all exchange programs left over from 1985. The two sides also made a dozen fresh proposals.

The Indian delegation leaves Beijing tomorrow for the ancient scenic city of (?Xining) in southwest China. After a day's stay there it will leave for home.

INDIA TO LAUNCH SECOND COMMUNICATIONS SATELLITE

OW250809 Beijing XINHUA in English 0615 GMT 25 Jul 86

[Text] New Delhi, July 24 (XINHUA) -- India will launch its second communications satellite INSAT-1C in January-February 1988, it was officially announced today.

INSAT-1C is supposed to be a standby for INSAT-1B which has a designed life-time of five years and has been operating for four years.

India will soon sign an agreement with European Ariane to launch INSAT-1C, Minister of State for Science and Technology Shivraj Patil told Parliament. However, efforts will be made to advance the launching to the second half of 1987, he added.

It would cost 230 million rupees (18 million U.S. dollars) more than the stipulated cost of launching by space shuttle from the United States National Aeronautics and Space Administration (NASA) as provided by the earlier agreement, Patil said.

The space shuttle would not be available to India by mid 1988 because the United States Government had decided to use it for security purposes after it resumed its operations, he said.

KOHL WELCOMES RELAXATION OF EAST-WEST TENSION

OW270159 Beijing XINHUA in English 0139 GMT 27 Jul 86

[Text] Bonn, July 26 (XINHUA) -- Federal German Chancellor Helmut. Kohl today welcomed the latest signs of progress in East-West relations, saying it will help improve relations between Federal Germany and Democratic Germany. In an interview with the North Deutsche Radio broadcast today, Kohl said Europe, especially Federal Germany, will benefit from real detente and disarmament.

The Soviet Union has recently put forward a broad-ranged package, which to the effect calls for limiting of space weapons development to laboratory testing and a 30 percent reduction of strategic weapons by both sides. President Ronald Reagan said the Soviet side has begun to make "serious efforts" and it could be a "turning point" in U.S.-Soviet relations.

During this month, French President Francois Mitterrand visited Moscow and Soviet Foreign Minister Eduard Shevardnadze came to London. The East-West relations figured high in their talks with the hosts.

If the "big climate," which he meant the East-West relations, was improved, the so-called "small climate" of the Bonn-Berlin relations will also be ameliorated, he said. Kohl said the "fruitful talks" between Federal German Foreign Minister Hans-Dietrich Genscher and Soviet officials during his visit to Moscow earlier this week would also help push Federal Germany's dialogue with East European countries, particularly with Democratic Germany. However, he blamed Berlin for allowing a great number of refugees to enter Berlin (West) through that city. This is an unfriendly action, he said.

Hails Reagan Response To Soviets

OW280138 Beijing XINHUA in English 0124 GMT 28 Jul 86

[Text] Bonn, July 27 (XINHUA) -- The Federal German Government today hailed U.S. President Ronald Reagan's letter to Soviet leader Mikhail Gorbachev as a "positive sign" in U.S.-Soviet relations. Welcoming the move, Federal Government spokesman Friedhelm Ost said that there may be a summit meeting between the United States and the Soviet Union by the end of the year, which, he hopes, will bring about substantial results. Ost said that Federal Chancellor Helmut Kohl has been working for real progress in disarmament and improved relations between Washington and Moscow. "Better U.S.-Soviet relations will improve the atmosphere in East-West relations as a whole," Ost said. "It will have a positive bearing on Bonn's relationship with its Eastern neighbors, particularly on the dialogue between the two germanies," he noted.

Last weekend, Reagan sent Gorbachev a letter in which he reportedly said the United States is willing to delay deployment of a nuclear weapons defense system for five to seven years in exchange for an agreement that such a system could be deployed by either or both superpowers after an agreed-upon date. Research is now underway in the U.S. for such a system, known as the Strategic Defense Initiative.

Gorbachev more than a month ago sent Reagan a letter proposing, among other things, deep cuts in the offensive nuclear weapons of the two countries in exchange for U.S. agreement to extend for 15 to 20 years the 1972 Anti-Ballistic Missile Treaty, which prohibits development, testing and deployment of space-based defense systems.

ZHAO ZIYANG CONCLUDES TUNISIA VISIT, HEADS FOR HOME

Tours Canal Built With PRC Aid

OW251858 Beijing XINHUA in English 1454 GMT 25 Jul 86

[Text] Tunis, July 25 (XINHUA) -- Visiting Chinese Premier Zhao Ziyang this morning toured the Medjerdah-Cape Bon Canal project on the western suburbs of Tunis. The canal project, called the "Tunisian-Chinese Friendship Canal", was built from 1979 to 1984 with Chinese aid.

Accompanied by Tunisian Agriculture Minister Lassad Ben Osman, the Chinese premier viewed a major part of the project. He said, thanks to the care and concern of President Habib Bourguiba and efforts by the Tunisian Government and people, "I am very glad that Sino-Tunisian cooperation has yielded such great achievements."

The canal, the largest water conservation project in Tunisia, is 120 kilometres long, running from northwest Tunisia to the northeast part of the country and irrigating 18,900 hectares of land. The canal project has been in operation for more than two years. Ben Osman told Zhao that two-fifths of the Tunisian people are benefiting from the water it brings them.

The Chinese premier and his party also visited the Bardo Museum after the canal tour this morning. The Bardo Museum, the second biggest in Africa, is famous for its large collection of mosaics.

Meets 'Arafat; Reaffirms Support

OW252346 Beijing XINHUA in English 2330 GMT 25 Jul 86

["PLO Reassured of China's Continued Support" -- XINHUA headline]

[Text] Tunis, July 25 (XINHUA) -- China will not change its position of supporting the Palestinian people's just struggle and the Palestine Liberation Organization (PLO) , visiting Chinese Premier Zhao Ziyang told the PLO leader Yasir 'Arafat here this afternoon. The assurance was given by the Chinese leader in a meeting with the chairman of the PLO executive committee at the Marsa Guest House here where he is staying during his visit to Tunisia.

After hearing a brief account given by the PLO leader of the latest developments in the Middle East and his organization's position in this regard, Premier Zhao said China has taken notice of fact that more Arab countries are now in favor of a political settlement of the Middle East problem.

China always maintains that any political solution must be based on a fair settlement of the Palestinian people's right to self-determination and on the recognition of the PLO as the sole legitimate representative of the Palestinian people, Zhao stressed. This calls for unity of Arab countries and the PLO's internal unity, the Chinese premier pointed out. Without this unity, one cannot expect the United States and Israel to change their obdurate attitude, he said.

Zhao advised the PLO leader to be mentally prepared for a protracted struggle and pay greater attention to political struggle.

He also underlined the vital importance of the PLO getting along well with Jordan, Egypt and other Arab countries. He hoped that the PLO would try to win the most extensive possible international sympathy and support.

Zhao told the PLO leader that China is ready to back any proposals put forward by his organization and Arab countries that are conducive to the restoration of the Palestinian people's national rights and the recovery of their lost land, and that are supported by the majority of Arab countries.

On the proposal for a Middle East conference to be attended by the permanent members of the UN Security Council, Premier Zhao noted that so long as the PLO and Arab countries regard such a conference helpful to the Palestinian people's just cause, China would not raise objection. But, the premier pointed out that a fair and reasonable solution to the Middle East problem depends on persistence in a protracted struggle, instead of international conferences.

Hosts Return Banquet

OW260020 Beijing XINHUA in English 0004 GMT 26 Jul 86

[Text] Tunis, July 25 (XINHUA) -- Visiting Chinese Premier Zhao Ziyang gave a return banquet here this evening. Tunisian Prime Minister Rachid Sfar, National Assembly President Mahmoud Messadi and other high-ranking government officials were present on the occasion.

Premier Zhao in his toast thanked Tunisian President Habib Bourguiba for the audience he granted to him and the Grand Cordoned Republic Order he conferred on him.

He said that during his visit he had a free exchange of views with Prime Minister Sfar on a series of international issues and on the development of bilateral relations and found that they have identical views. He said that there has been a good beginning in the bilateral cooperation, which has been conducted in a variety of forms, and both sides expressed the desire to further promote such cooperation. This does not only conform to the interests of the people of China and Tunisia but also provides useful experience in South-South cooperation, Zhao added. He expressed the belief that through the common efforts, such cooperation is sure to develop further.

In reply, Prime Minister Sfar described Premier Zhao's visit as "having left a deep impression on President Bourguiba and the Tunisian people." Zhao's visit, he said, will push to a new high the relations of friendship and cooperation between the two countries. He valued highly the benefit brought to the Tunisian people by the 120-kilometer Medjerdah-Cape Bon Canal bulit with Chinese aid. The friendship canal, he said, will be praised by the people of the two countries from generation to generation, just like the civilization of Carthage.

Present at the banquet were the Chinese minister in charge of the state economic commission and other officials accompanying the premier on the visit and the Chinese ambassador to Tunisia. Earlier, Premier Zhao attended a reception given by Messadi in celebration of the 29th anniversay of the founding of the Republic of Tunisia.

Meets PRC Representatives

OW260430 Beijing XINHUA Domestic Service in Chinese 1602 GMT 25 Jul 86

[Excerpt] Tunis, 25 Jul (XINHUA) -- [passage omitted] On the evening of 24 July, at the Chinese Embassy in Tunisia, Premier Zhao Ziyang met with the embassy staff and representatives of Chinese experts and students working and studying in that country. He encouraged them to contribute continuously to Sino-Tunisian friendship and cooperation. Prior to this, Premier Zhao and his entourage visited the (Condawe) tourist center in Sousse, a famous sight-seeing city on the east coast of Tunisia.

Concludes Visit to Tunisia

OW270224 Beijing XINHUA Domestic Service in Chinese 1503 GMT 26 Jul 86

[Excerpts] Tunis, 26 Jul (XINHUA) -- Premier Zhao Ziyang and his entourage left here for home by special plane at noon today after winding up their 4-day successful goodwill visit to Tunisia.

They were given a warm send-off at the airport by Tunisian Prime Minister Sfar and other high-ranking Tunisian party and government officials as well as Chinese Ambassador to Tunisia Xie Bangding. A grand send-off ceremony was held at the airport. By the side of the ramp, Prime Minister Sfar and Premier Zhao embraced each other and then said goodbye.

Prior to his departure, Premier Zhao made a brief statement to the press and answered reporters' questions in the airport VIP room. Through this visit, he said, there will surely be new developments in the future in all domains of the relations of friendship and cooperation that have been built between the two countries on the basis of the five principles of peaceful coexistence.

This morning Prime Minister Sfar came to the "Palace of Happiness" of the (Marsa) National Guesthouse to say a few parting words to Premier Zhao.

When leaving Tunisia after winding up his visit, Premier Zhao dispatched a message to Tunisian Prime Minister Sfar, expressing heartfelt thanks to the Tunisian Government and people for their warm and friendly hospitality.

This morning, in Al-Menzah district of Tunis city, Premier Zhao and Tunisian Prime Minister Sfar jointly presided over a foundation-laying ceremony for the Youth Home of the Capital of Tunisia. This is a new project of Sino-Tunisian friendship and cooperation.

First, the premiers of the two countries looked at the designs for the Youth Home. Then, amid warm applause, they laid a piece of white marble on the foundation stone. In high spirits, they planted an evergreen tree by the foundation stone. After that, Premier Zhao watched the well-wishers' entertainment and athletic performances in the company of Prime Minister Sfar.

Also, Premier Zhao and his entourage were driven this morning to the coast in the northern suburb of the capital to visit the renowned Carthage ruins which are 2,000-3,000 years old. [passage omitted]

On the afternoon of 25 July, Premier Zhao attended a reception in the National Assembly Palace given by Messadi, president of the Tunisian National Assembly, to mark the 29th founding anniversary of the Republic of Tunisia. They had a cordial and friendly conversation. [passage omitted]

Departs Tunis for Beijing

OW261456 Beijing XINHUA in English 1436 GMT 26 Jul 86

[Text] Tunis, July 26 (XINHUA) -- Chinese Premier Zhao Ziyang wound up his four-day official goodwill visit to Tunisia today by telling reporters at the Tunisia-Carthage airport that his Tunisian visit was a "complete success."

"My talks with Tunisian Prime Minister Rachid Sfar touched upon wide-ranging issues on the international situation and developments in bilateral relations, and we have reached unanimity at large," Zhao said. "I am even more convinced through the visit that there will surely be new developments in all domains in the relations of friendship and cooperation between China and Tunisia," he added.

Sfar told the Chinese premier that his visit has contributed to enhancing friendship between Tunisians and Chinese.

Earlier today, Zhao and Sfar laid a foundation stone for the "Youth Home of Tunis," a cooperative project between China and Tunisia. When completed, it will provide better conditions for the Tunis youth' study, sports and recreational activities.

Tunisia was the last leg of Zhao's six-nation Balkan-Mediterranean tour, which also took him to Romania, Yugoslavia, Greece, Spain, and Turkey. The nearly one month-long tour was regarded in Tunisia as "having contributed to maintaining world peace, especially in the Balkan and Mediterranean region and promoted friendship and cooperative relations with these countries."

Arrival in Beijing

OW270145 Beijing XINHUA in English 0123 GMT 27 Jul 86

[Text] Beijing, July 27 (XINHUA) -- Chinese Premier Zhao Ziyang returned here today after an official goodwill visit to Romania, Yugoslavia, Greece, Spain, Turkey and Tunisia. Among those greeting the Chinese premier at the airport were Vice-Premier Wan Li and State Councillor and Foreign Minister Wu Xueqian.

Lu Dong, Chinese minister in charge of the State Economic Commission and other Chinese officials, who had accompanied the premier on his visit, also returned on the same plane. Diplomatic envoys of the six countries that the Chinese premier had visited were also present at the airport to meet him.

WU XUEQIAN MEETS LEBANON FOREIGN AFFAIRS SECRETARY

OW280642 Beijing XINHUA in English 0601 GMT 28 Jul 86

[Text] Beijing, July 28 (XINHUA) -- Wu Xueqian, Chinese State councillor and minister of foreign affairs, met here today with Fu'ad al-Turk, secretary general of the Ministry of Foreign Affairs of Lebanon.

DAYA BAY FIRST-STAGE FACILITIES COMPLETED

OW271126 Beijing XINHUA in English 1055 GMT 27 Jul 86

[Text] Beijing, July 27 (XINHUA) -- The first stage project of the Daya Bay Nuclear Power Plant in Guangdong Province, south China, has come to the finish after 27 months of construction, according to today's overseas edition of the PEOPLE'S DAILY.

The paper reported the second stage construction of the nuclear power plant will start soon. The second stage project includes installation of a nuclear island (two reactors) and two conventional nuclear islands (conventional power generating units), which have a generating capacity of 900,000 kilowatts each.

The first stage project includes a 1,400-meter mole, a 1,000-ton and two 500-ton temporary unloading berths, an 1,054-meter underground waterproof wall, a highway leading to Shenzhen, a reservoir and telecommunications facilities.

The paper also reported today that a Shanghai plant has successfuly manufactured China's first deoxigenation water tank, the major component of the water feeding system for the conventional islands of the Qinshan nuclear power plant in east China.

RENMIN RIBAO REPORTS OVERSTOCK OF CONSUMER GOODS

HK270955 Beijing RENMIN RIBAO in Chinese 22 Jul 86 p 2

[Dispatch by reporter Dong Huanliang: "Department Concerned Urges Measures To Clear Overstock of Industrial Products"]

[Text] Due to poor quality and unmarketability, there is a serious overstock of some consumer industrial products. Of 128 major industrial products marketed by the commercial system, 26 commodities, including cotton-polyester fabric, fiber of long and medium staple, and fluorescent lamps, are unmarketable or overstocked. In late June this year, the total stock of industrial goods of commercial units and supply and marketing cooperatives throughout the country had increased by 10.8 percent over the same period of last year.

Let us take the garment industry as an example -- so far there are all kinds of shoddy garments which are unmarketable and are enormously overstocked. By late April, the second light industrial system in Shanghai had overstocked a total of 1,038,000 garments, while the commercial system in Beijing had overstocked a total of 900,000 garments. Although a 30-percent discount is offered, shoddy business suits still cannot be sold. This year, in April, which is the busy season, the sales volume of lounge suits of the four largest department stores in Beijing municipality decreased by 32.1 percent over the same period of last year.

There is also an enormous overstock of shoddy household electric appliances of various inferior brands, which was resulted in an unreasonable commercial stock structure. [paragraph continues]

By late March, the proportion of household electric appliances in the commercial stock structure of Henan Province had been raised by 240 percent over the same period of last year. By late April, Shandong Province had a stock of 118,000 black-and-white television sets, of which 40 percent were unmarketable. The stock of inferior cigarettes which accounts for 21.8 percent of the cigarette stock of China is just unsalable. As a result, package sales with high-grade cigarettes mixed with shoddy ones has become a common practice in some places.

There is a large overstock of unmarketable industrial products, resulting in a drastic increase in the amount of funds locked in stock of finished products. By late June this year, the amount of funds locked in stock of finished products in the state-owned industrial enterprises covered by the state budget had increased by 29.8 percent over the same period of last year. In consequence, many enterprises did not have enough circulating funds in hand, leading to very poor economic results. Recently, our reporter interviewed some people in charge of the economic administrative departments concerned on the issue of serious overstocking of some industrial products. They held that it that is necessary to correctly evaluate the issue and take the following measures to solve it as soon as possible:

1. It is necessary to correctly handle the relations between growth rate and economic results rather than to blindly seek high output and output value. It is necessary to adhere to the principle of setting the output quota in light of the market demand and to avoid further overstocking.

2. It is necessary to take the initiative in readjusting the product mix in accordance with the market demand.

3. Efforts must be made to implement the policy of fixing prices according to quality, namely, high prices for quality goods and low prices for interior goods, and to appropriately widen the price gap with a view to promoting the production of quality products and the sale of interior goods.

4. All enterprises should regularly take stock, make a resolute decision to handle overstocks, and reduce the excessive amount of funds used to keep stock of finished products.

Commentator's Article

HK270957 Beijing RENMIN RIBAO in Chinese 22 Jul 86 p 2

[Commentator's article: "The Concept of Quality' Is Needed in Commodity Production"]

[Text] The report on serious overstocking of industrial products carried in our newspaper today should draw a reasonable degree of attention. The overstocking of industrial products may be due to the operation of circulating channels, for example, some products needed by rural areas have flowed to urban areas, while some products needed by urban areas have flowed to rural areas instead. However, quite a lot of overstocking has resulted from inferior product quality. Once again, this fact serves as a warning to us -- to promote production we must first adopt the concept of "quality."

The 12th CPC National Congress clearly asserted: China's general goal of economic construction by the turn of the century is "to strive to quadruple the country's annual gross industrial and agricultural output value on the premise of constant improvement of economic results." That is to say, a prerequisite for the "quadrupling of the gross industrial and agricultural output value" is to produce high-quality products with as little input as possible. It will be both wrong and harmful if we one-sidedly seek high output and output value and regard the target of "quadrupling" as a pure quantitative increase. If shoddy goods are allowed to leave the factory and then become stockpiled in state warehouses, that will mean the failure to meet the people's demand and a great amount of state funds will be locked up in overstocks. On the surface, the output value may have been increased, but in fact this would mean a disaster to the state. Propping up a high output value with inferior products in exchange for a "quadruple output value" -- is this not a gross deception?

Stressing quantity at the expense of quality and seeking high growth rate at the expense of economic results, has been a long-standing malpractice in our country's economic construction. Over a long time, but the macroeconomic decision-making process at the administrative level and the microeconomic operation at the enterprise level were oriented to the needs of the product economy since the commodity economy was improperly negated and rejected. The state took all the products produced by a plant and did not care whether the goods were marketable. Unsalable goods were just left in warehouses. The state assumed the full responsibility for profits and losses, while the plant did not take any economic responsibility. Disregarding the pricing policy of "high prices for quality products" will inevitably encourage the plant to overlook the enhancement of product quality. As the "Law on Bankruptcy" is not available, the enterprise will only retain profits but assume no responsibility for losses. Then it will lose the spirit of "surviving on high quality." All the above facts show that in order to adopt the orientation of "quality first," we must first discard the product economy and truly follow the law governing the developing of the commodity economy.

As the saying goes: "One cannot draw a square and a circle without a set square and pair of compasses." In striving for high output with high quality, we are required to constantly raise the qualitative standards for commodities. There is no limit to the progress of social production technology, and the demand of the vast number of consumers on the quality of products is also constantly upgraded. Therefore, no enterprise must be content with the current "high quality standard" it has attained but must adopt a positive attitude toward introducing international standards and foreign countries' advanced standards in accordance with the dynamic change in qualitatitve standards, so that it can improve the quality of its products daily. Only in this way can we increase the competitive power of our products on both the domestic and international markets. Only by fulfilling the goal of "quadrupling the gross industrial and agricultural output value" on ths premse, can we meet the requirements set by the 12th CPC National Congress and bring real benefits to our state and people.

MINISTRY GIVES FIGURES ON CONTRACT LABOR SYSTEM

OW261351 Beijing XINHUA in English 1158 GMT 26 Jul 86

[Text] Beijing, July 26 (XINHUA) -- More than 80 percent of the workers employed in China over the past year found jobs by signing labor contracts with their employers, an official of the Ministry of Labor and Personnel said here today.

The figure is the largest since China began to introduce the new contract labor system in 1981.

According to the ministry, there are more than 3.5 million contract workers in China, about five percent of the country's total work force.

The purpose of introducing the new system, the official said, is to change the existing permanent job system under which workers are hired and distributed through administrative orders solely.

The new system will give workers and businesses the opportunity to choose each other and ascertain their relationship through economic, legal as well as administrative measures by signing contracts, he added.

As part of the country's ongoing reform, the new system will help eliminate the shortcomings of the permanent job system under which workers were given jobs for life on fixed incomes regardless of their performance, and establish a rational socialist labor system which can meet the needs of the development of socialized large-scale production and the planned socialist commodity economy. Since 1981, the official noted, the contract system has helped improve the productivity of enterprises by enhancing the competitiveness of both the workers and businesses and bringing their initiative into play.

At the Shanghai port, China's largest, more than 5,400 contract workers have been employed since 1981 and one third of the loaders are working under contracts. Productivity of the loaders has been raised by 23 percent over the past five years.

The new system has also created a more rational flow of labor, the official said. In Qingdao City, Shandong Province, where the system has been tried out since 1983, 425 workers have terminated their contracts and 357 have found new jobs which better suit their talents and specialities.

To guarantee the welfare of the contract workers, labor insurance has been set up in state-owned enterprises in Jiangsu Province where more than 350,000 such workers have been employed, about eight percent of the total work force. The insurance fund is raised either by picking up 15 to 18 percent from the payroll of the contract workers or by collecting one to two percent from their basic wages. The money is put into banks under specific names and can be drawn when necessary, especially in times of illness, injury, disability, old age and death.

The new system has been welcomed by the majority of the country's young workers and people waiting for jobs, the official said. According to a sample survey conducted by the Labor Bureau of Guangzhou City in south China, more than 90 percent of those surveyed favor this reform.

ADMINISTRATIVE DIVISION CHANGES REPORTED

HK241145 Beijing RENMIN RIBAO in Chinese 19 Jul 86 p 4

[Report: "Changes in Administrative Divisions at and Above the County Level Throughout the Country in the First Half of 1986"]

[Text] Between January and June 1986, the State Council approved the following changes in the administrative divisions at and above county level.

Hebei Province

1. To abolish Dingxian County and establish Dingzhou [1353 1558] City (county level), with the administrative division of Dingxian County put under the jurisdiction of Dingzhou City.

2. To abolish Shulu County and establish Xinji [6580 7162] City (county level), with the administrative division of Shulu County put under the jurisdiction of Xinji City.

3. To abolish Nangong County and establish Nango [0589] City (county level), with the administrative division of Nangong County put under the jurisdiction of Nangoing City.

4. To abolish Renqiu County and establish Renqiu [0117 8002] City (county level), with the administrative division of Renqiu County put under the jurisdiction of Renqiu City.

5. To put Zhengdong and Luancheng Counties of Shijiazhuang Prefecture under the jurisdiction of Shijiazhuang.

6. To put Wu'an County of Handan Prefecture under the jurisdiction of Handan City.

7. To put Qingyuan County of Baoding Prefecture under the jurisdiction of Baoding City.

8. To put Qingxian County of Cangzhou Prefecture under the jurisdiction of Cangzhou City.

9. To put Xingtai County of Xingtai Prefecture under the jurisdiction of Xingtai City.

10. To abolish the suburban area of Handan City.

Jiangsu Province

1. To abolish Yizheng County and Establish Yizheng [0308 1767] city (county level), with the administrative division of Yizheng county put under the jurisdiction of Yizhend City.

2. To divide the Xinhai district of Lianyungang City into Xinpu [2450 3184] and Haizhou [3189 1558] districts.

Zhejiang Province

1. To abolish Lishui County and Establish Lishui [7787 3055] City (county level), with the administrative division of Yizheng County put under the jurisdiction of Yizheng City.

2. To divide the Xinhai District of Lianyungang City into Xinpu [2450 3184] and Haizhou [3189 1558] Districts.

Zhejiang Province

1. To abolish Lishui County and establish Lishui [7787 3055] City (county level), with the administrative division of Lishui County put under the jurisdiction of Lishui City.

2. To abolish Linhai County and establish Linhai [5259 3189] City (county level), with the administrative division of Linhai County put under the jurisdiction of Linhai City.

Anhui Province

To abolish Haoxian County and establish Haozhou [3032 1558] City (county level), with the administrative of Haoxina County put under the jurisdiction of Haozhou City.

Shandong Province

1. To abolish Yidu County and establish Qingzhou [7230 1558] City (county level), with the administrative division of Yidu County put under the jurisdiction of Qingzhou City.

2. To abolish Qufu County and establish Qufu [2575 7079] City (county level), with the administrative division of Qufo County put under the jurisdiction of Qufu City.

Henan Province

1. To abolish Xinxiang prefecture and put Huixian, Huojia, Yuanyang, Yanjin and Fengqiu Counties under the jurisdiction of Xinxiang City; and to put Wuzhi, Qinyang, Wenxian, Mengxian and Jiyuan Counties under the jurisdiction of Jiaozuo City.

2. To abolish Xuchang Prefecture and upgrade Xuchang and Luohe Cities to prefectural level cities. To put Yuxian, Changge, Xucahng and Yangling Counties under the jurisdiction of Xuchang City; to put Wuyang, Linying and Yancheng Counties under the jurisdiction of Luohe City; and to put Jiaxian and Xiangcheng Counties under the jurisdiction of pingdingshan City.

3. To abolish Luoyang Prefecture and upgrade Sanmenxia City to prefectural level city. To put Mianchi, Shanxian, Lingbaoi and, Lushi Counties under the jurisdiction of Sanmenxia City, and to put Yima City (county level) under the mandate of Sanmenxia City. To put Luanzhou, Songxian, Ruyang, Yiyang, Luoning and Yichuan Counties under the jurisdiction of Luoyang City, and to put Linru County under the jurisdiction of Pingdingshan City.

4. To put Xunxian and Qixian Counties of Anyang Prefecture under the jurisdiction of Hebi City.

5. To put Huaxian and Niehuang Counties of Puyang city under the jurisdiction of Anyang City, and to put Changyuan NTY under the jurisdiction of Xinxiang City.

6. To establish Weidu [7614 6757] District in Xuchapg City.

7. To establish Liyuan [4539 3293] District in Luohe City.

8. To establish Lihubin [4539 3275 3453] District in Sanmenxia City.

Hubei Province

1. To abolish Yingcheng County and establish Yingcheng [2019 1004] City, with the administrative division of Yingcheng County put under the jurisdiction of Yingcheng City.

2. To abolish Puqi County and establish Puqi [5543 0967] City (county level), with the administrative division of Puqi County put under the jurisdiction of Puqi City.

3. To abolish Mianyang County and establish Xiantao [0103 2711] City, with the administrative division of Mianyang County put under the jurisdiction of Xiantao City.

4. To abolish Shishou County and establish Shishou [4258 7445] City, with the administrative division of Shishou County put under the jurisdiction of Shishou City.

5. To abolish Macheng County and establish Macheng [7802 1004] City (county level), with the administrative division of Macheng County put under the jurisdiction of Macheng City.

6. To abolish Lichuan County and establish Lichuan [0448 1557] City (county level), with the administrative division of Lichuan County put under the jurisdiction of Lichuan City,

Hunan Province

1. To abolish Yueyang Prefecture, and put Linxiang, Huarong, Xiangyin, Miluo and Pingjiang Countries under the jurisdiction of Yueyang City.

2. To abolish Shaoyang Prefecture, and put Shaoyang, Longhui, Dongkou, Wugang, Suining, Xinning countries and Chengbu Miao autonomous country under the jurisdiction of Shaoyang City.

Guangdong Province

1. To relocate the seat of Gaoyao County people's government from Zhaoqing city to Nan'an Town.

2. To upgrade Haikou City to prefectural level city.

3. To establish Tongza [6639 0087] City (county level) and put part of the administrative divisions of Baoting, Giongzhong and Ledong Countries under the jurisdiction of Tongza City, which will be under the administration of Hainan Li-Miao nationality autonomous prefecture.

Sichuan Province

To abolish Xichang County and put its administrative division under the jurisdiction of Xichang City.

Xizang Autonomous Region

To replace Qiongjie [4522 48147] County with Qiongjie [8825 4814] County.

Qinghai Province

1. To divide Chengxi District of Xining City into Chengxi [1004 6007] and Chengbei [1004 0554] Districts.

2. To abolish the suburban area of Xining City.

Xinjiang Uygur Autonomous Region

To abolish Artux County and establish Artux [7093 0956 0087] City (county level), with the administrative division of Artux County put under the jurisdiction of Artux City.

MINORITY REGION ECONOMIC DEVELOPMENT ACCELERATES

OW270133 Beijing XINHUA Domestic Service in Chinese 1125 GMT 25 Jul 86

[By JINGJI RIBAO reporter Cheng Yuan and XINHUA reporter Ke Daxing]

[Excerpts] Beijing, 25 Jul (XINHUA) -- In recent years, China's minority autonomous regions have accelerated their economic development, making new contributions -- which draw worldwide attention -- to the common prosperity of this multinational country.

According to the latest information released by the State Statistical Bureau, the gross value of local industrial and agricultural production in these regions reached 80.1 billion yuan in 1985, if calculated on the basis of the 1980 price level. This was 88.6 percent more than the 1980 output value. The average annual growth rate for the 5 years was 9.7 percent, showing the best trend of economic growth in the history of these regions. [passage omitted]

During the past few years, leading comrades of the party Central Committee and the State Council have, one after another, made inspection tours of the minority-inhabited regions. At the same time, the state has adopted a variety of preferential policies and bolstering measures for the economic development of these regions. During the last 3 years alone, more than 12 billion yuan was provided by the state as regular financial subsidies to the five autonomous regions, namely Nei Monggol, Ningxia, Xinjiang, Xizang, and Guangxi, whereas the amount of bank loans for the economic development of the minority-inhabited regions totaled some 1.2 billion yuan. Apart from these, the minority-inhabited regions have been provided with a variety of special funds and special subsidiary appropriations. The projects initiated by various departments in other localities to support their counterparts in these regions have also increased in number with each passing year. Meanwhile, over 40 construction projects planned by the central authorities to be built in Xizang with assistance from various localities have been completed on this "roof of the world."

With the support from various quarters, the minority autonomous regions have persisted in shifting the focus of their work from grasping general routine tasks to economic development and construction. They have made positive efforts to implement the policy of opening to the outside world and enlivening the domestic economy and taken measures suited to their specific local conditions to introduce investment from the outside and establish lateral times at home, with a view to fully utilizing their local resources. As a result, their economic activities have become increasingly vigorous.

The value of industrial production in minority autonomous regions totaled 44.97 billion yuan in 1985, surpassing the 1980 record by 70 percent and showing an average annual growth rate of 11.3 percent. During those 5 years, the output of most main industrial products in these regions met the Sixth 5-Year Plan targets ahead of schedule. In particular, the electric power outpout doubled during this period. In the meantime, the minority autonomous regions have reaped bumper harvests for several years, and the internal structure of their agriculture has become more rational. The output of grain and cotton during the Sixth 5-Year Plan hit a record high. As of the end of 1985, the number of draft animals in stock was 47.49 million head, and that of hogs reached more than 45 million head, exceeding the 1980 records by 20.9 and 39.2 percent respectively. Transportation facilities have also been improved. The total mileage of railways has exceeded 12,000 kilometer. The intensive efforts spent in building such key state projects as the renovation of the Qinghai-Xizang Highway; the construction of the Yuanbaoshan and Tongliao power plants and the Huolinhe mining area in Nei Monggol, the Ningxia chemical plant, the urumqi general petrochemical plant, and Guangxi's Dahua Hydropower Station; and the completion and operations of these projects have boosted the sustained strength of the minority autonomous regions to develop their economies.

coincidental with the economic development of the minority autonomous regions is a corresponding improvement of their people's living standards. Compared with the 1980 records, the total volume of retail sales of commodities in these regions rose by more than 100 percent in 1985, urban and rural savings deposits grew nearly threefold, and both the total amount of wages earned by staff members and workers and the average net income of peasants showed a considerable increase. In spite of this, an authoritative personage has pointed out that the economic level attained by minority autonomous regions through their efforts in the past few years is still considerably below the nationwide average. Changing their economic backwardness as soon as possible will remain a strategic task for a long time in our country's economic construction program, he said.

DECISION ON STRENGTHENING ENTERPRISE MANAGEMENT

HK251311 Beijing RENMIN RIBAO in Chinese 18 Jul 86 p 2

["The Decision of the State Council on Several Questions Concerning the Strengthening of Industrial Enterprise Management (4 July 1986)"]

[Text] 1. During the Sixth 5-Year Plan, by conducting overall consolidation and initial reforms, China's industrial enterprises affected great changes to their outlook and made a great contribution to the steady and proportionate development of the national economy. However, the problem of poor enterprise performance still exists. The technology of our enterprises is backward and their management is even more so. This has found intense expression in the fact that quite a few enterprises turn out poor quality products, consume large amounts of materials, and yield poor economic results. They fail to adapt themselves to the needs of the modernization drive and people's consumption. With the gradual improvement of the socialist market system and the continued expansion of our economic and technological links with foreign countries, all enterprises are facing a severe test, in which only the best will survive. [paragraph continues]

If an enterprise fails to improve its product quality, to reduce its material consumption, and to attain better economic results, it will not be able to survive and develop and the state will also find it difficult to attain the desired objective of modernization. For this reason, it is necessary to gain a sober understanding and to have a strong sense of urgency.

2. In the Seventh 5-Year Plan, it is necessary to take improved product quality, reduced material consumption, and better economic results as major indexes for assessing the management level of industrial enterprises. To this end, we have laid down the principal standards for special-, first-, and second-class state enterprises and for advanced enterprises at the provincial (autonomous regional or municipal) level.

The principal standards for special-class state enterprises are that they should reach the advanced world level and join the ranks of the advanced in the world in terms of major product quality and material consumption indexes.

The principal standards for first-class state enterprises are that they should come up to the advanced world level of the late 1970's or early 1980's in terms of major product quality and reach the 1985 advanced national level of the same trade in terms of major material consumption indexes.

The principal standards for second-class state enterprises are that they should manufacture brand-name, high-quality products which are the country's leaders in the same trade and which are suited to market needs and should reach the 1985 advanced national level of the same trade in terms of major material consumption indexes.

The principal standards for advanced enterprises at the provincial (autonomous regional or municipal) level are that they should manufacture brand-name, high-quality products which are the province's leaders in the same trade and which are suited to the market needs and that they should reach the 1985 advanced provincial level of the same trade in terms of major material consumption indexes.

Industrial enterprises throughout the country, particularly the state-owned large and medium-sized enterprises, should proceed from their own practical conditions in working out plans for "grasping management, upgrading enterprises, and improving performances in an all-round way" and adopting effective measures to fulfill them.

The work of upgrading enterprises should be carried out in a planned and systematic way. In the country as a whole, we should try it out first in machine-building, electronics, iron and steel, nonferrous metal, chemical, textile, and some light industries. Other industries can also carry out experiments at selected enterprises according to the above-mentioned requirements. In the course of our work, we should persist in seeking truth from facts and guard against formalism. There will not be a "system of life tenure" for advanced enterprises at all levels. It is necessary to assess enterprises regularly, promoting those which are up to standards and demoting those which are not up to standards. The assessment work should be conducted by impartial institutions or organizations. Enterprises which are up to the standards for special-, first-, and second-class state enterprises will be given appropriate encouragement in terms of credit, export, wages, and bonuses.

With regard to the specific standards for assessing the grades of enterprises and the plans, as well as the detailed rules and regulations for upgrading enterprises, the relevant departments of the State Council, with the coordination of the State Planning Commission, will be responsible for the grade standards of enterprises at the state level. The provinces, autonomous regions, and municipalities will formulate, by themselves, those concerning enterprises at the provincial level. Because the work of upgrading enterprises involves a wide range of issues, all localities and departments should have proper institutions to take charge of the organization and coordination work.

3. We should vigorously introduce and improve all-round quality management and establish a quality guarantee system. It is necessary to foster the concept of quality first and to try, by every possible means, to provide consumers with quality products and services. The cadres in charge of production and operations in the enterprises should learn scientific methods of quality management and energetically mobilize and organize all workers and members to take part in the activities for quality management. It is necessary to strengthen quality management and inspection institutions. Efforts should be made to link product quality to the recognition and material benefits of workers and staff members so that quality indexes can play a decisive role in pay raises and bonus distribution.

It is necessary to strengthen state control over product quality. We should establish, as soon as possible, a scientific, impartial, and authoritative quality inspection network on a national scale. We should use scientific ways and methods to conduct a sample survey of commodities in the markets and among the consumers and make announcements of the surveys. Producers turning out unsatisfactory products should be given a warning and ordered to make improvements within a certain time. It is necessary to immediately stop the production and sales of food, medicine, electrical appliances, and other products which endanger people's health and lives, as well as products which endanger the security of the users in both production and construction and those responsible for them should be called to account. The state is to institute a policy by which higher prices are set for better quality products and lower prices for lower quality products. The expenses incurred by the quality inspection institutions in the course of the surveys will be defrayed by the state and local financial allocations. Unless otherwise stipulated, it is impermissible to collect charges from enterprises. Energetic efforts should be made to explore and try out a method with which the consumers can supervise product quality.

4. Conscientious efforts should be made to save on energy and reduce material consumption. We should speedily change the situation marked by an excessively high proportion of material consumption in total production costs and adopt effective measures to reduce material consumption. In line with this stipulation, a portion of the funds thus saved can be used to reward the workers and staff members. We should adhere to the principle of running enterprises industriously and thriftily and carry out the work of saving on energy and reducing material consumption at every point. We should extensively launch comprehensive utilization work, do a good job of recovering and recycling waste materials, rationally use all kinds of materials, and put an end to waste. It is necessary to regard the conservation of energy and the reduction of material consumption as the focus of technological transformation in enterprises, give priority to them in our plans, and make arrangemens for th necessary funds. [paragraph continues]

The machinery and electrical products which, according to the government announcements, should be eliminated, and the equipment which exceeds the consumption limits should not be used or should be upgraded and transformed within a stated time limit. Regarding the consumption of raw and semifinished materials and energy, we should adopt a method of rewarding those who save on them and penalizing those who exceed the consumption limits. Responsible members of enterprises and those who are directly responsible will be called to account if they fail to put an end to serious waste for a long time.

5. It is necessary to step up basic work in enterprise management and to quicken the pace of modernizing enterprise management. By 1990, large and medium-sized enterprises should organize the manufacture of major products according to international standards or advanced standards abroad. They should gradually establish an enterprise standardization system with the technological standards as the main contents, including the standards for work and management. All enterprises should institute a quota management system on labor, materials, capital, expenses, and other items that can be assessed by quotas. They should extend the scope of quota management and raise its level, conscientiously and speedily upgrade measuring instruments and inspection means, and gradually modernize inspection means and measuring technology. In information work, the enterprises should first grasp original records, vouchers, accounts, statistical charts, and the users' information feedback, and steadfastly set up and improve the collection, feedback, analysis, and handling of information in the course of production and operations. Where conditions permit, the enterprises should gradually use computers in management. Efforts should be made to strengthen the building of teams and groups. We should extensively promote competition among different teams and groups in order to raise their management level. The key to the building of teams and groups lies in selecting and training team and group leaders who have a strong sense of responsibility, master technical skills, are honest and have the ability to unite other people.

6. Vigorous efforts should be made to boost technological progress in enterprises and to speed up product upgrading and technological transformation. In light of its practical conditions, each enterprise should formulate a technological progress plan for the Seventh 5-Year Plan period and annual plans for its implementation. In line with the principle of improving products of this generation, developing the next generation, and preparing to develop another generation, we should energetically adopt new technologies, equipment, and materials to transform or eliminate old products and to develop new products. In carrying out technological transformation projects, advanced technology and equipment should be used to markedly improve product quality and to substantially reduce material consumption.

7. We should strengthen financial management and do a good job of economic accounting. It is necessary to conscientiously implement the accounting law and cost management regulations, to strictly observe financial discipline, and to apply the financial and economic systems. Efforts should be made to improve the accounting system, to do a good job of raising and using capital, settling accounts, and raising capital efficiency. Where conditions permit, the enterprises should also learn and apply value engineering and other modern methods of management in order to reduce expenditures and to increase income in every stage from product designing and production technology to the supply and sales of products.

8. It is necessary to improve and strengthen enterprise operations. The enterprises should effect the changeover from production to production and operations. They should pay attention to studying market changes, adapt themselves to market demands, provide the users with marketable products and satisfactory services, safeguard their prestige and foster a fine style of operations.

9. We should pay close attenton to safety in production, protect state property, and ensure the personal safety of workers and staff members. Directors (or managers, and the same below) should assume overall responsibility for personnel safety in their enterprises. They should improve the working conditions of workers and staff members, strive to remove the hidden perils that may cause accidents and, while ensuring the safety of workers and staff members, organize and direct production. They should step up safety education and prohibit those who fail in the safety knowledge tests from operating machines at their work posts. Those who direct production or operates machines in violation of the regulations and, thus, cause major accidents should be seriously dealt with.

10. We should concentrate on improving product quality and reduce material consumption and make further effort to improve and develop the economic responsibility system in enterprises. It is necessary to combine responsibility, authority, benefit, the interests of the state, collective, and individual, and to link the income of workers and staff members with their job performance, to clearly define the limits of one's functions, powers, and responsibility, to carry out strict inspection, and to rationally mete out rewards and punishments.

11. We should conscientiously do a good job of training workers and staff members and constantly increase their professional competence. In the Seventh 5-year Plan, on the basis of completing state unified tests for directors, the leading cadres of large and medium-seized enterprises should receive systematic training by stages and by groups, managerial cadres, technical cadres, political work cadres, team or group leaders, and other key members in production and technology should receive multilevel professional and technological training in line with the needs of the posts and positions. Workers and staff members should be encouraged to study politics, technical skills, and professional work and to assiduously study basic skills. On the basis of making experiments at selected units, we should gradually restore and improve the system of promoting workers and technicians to higher wage grades and ranks through unified examinations.

12. It is necessary to enforce discipline and to administer our plants strictly. In enforcing discipline, we should be strict and impartial in meeting out rewards and pounishments. Spiritual encouragement and material rewards should be given to the workers and staff members who adopt a correct attitude toward work and make great contribution. In line with the relevant regulations, administrative punishments should be meted out to those who cause serious losses because of dereliction of duty or serious violation of discipline and, if necessary, they will be held legally responsible for their misdeeds.

13. We should complete the reform of the leadership structure in state-owned industrial enterprises in a systematic way. In the Seventh 5-Year Plan period, on the basis of summing up the experiences gained in experiments, the enterprises should extensively introduce the director responsibility system. In enterprises practicing the director responsibility system, deputy administrative cadres at the factory level will be nominated by directors and approved by the competent departments. Administrative cadres at the intermediate level will be appointed or dismissed at the discretion of directors. When appointing or dismissing cadres, directors should pay attention to soliciting opinions from various quarters.

After the leading bodies of enterprises have been reorganized in line with the requirements of making the ranks of cadres more revolutionary, younger in average age, better educated, and more professionally competent, it is necessary to keep them relatively stable. The directors are elected for a term of 3 years, during which a target responsibility system should be instituted. Those who succeed in achieving their targets during their terms of office can be reelected consecutively.

14. The democratic management system for workers and staff members should be improved. It is necessary to carry forward China's fine tradition of workers and staff members managing socialist enterprises in a democratic way and to bring into play the sense of responsibility of the vast number of workers and staff members as masters, as well as their initiative, enthusiasm, and creativity. It is necessary to bring into full play the role of congresses of workers and staff members in democratic management of enterprises. Enterprise operational strategy, development plans, internal distribution plans, and overall plans for the economic responsiblity system should be examined and discussed by the congresses of workers and staff members. Important items such as collective welfare, vital to the interests of workers and staff members, should be discussed and decided upon by the congresses of workers and staff members. Leading cadres at all levels in the enterprises should consciously accept the supervision of the workers and staff members, conscientinusly listen to their views on reform and on strengthening enterprise management, and vigorously mobilize the masses in carrying out activities for rationalization proposals and technological revovation. All workers and staff members should take upon themselves the task of running the enterprises well. They should care for the development of their enterprises and strive to make more contributions to the state.

15. It is necessary to improve and strengthen ideological and political work. The work of upgrading enterprises should be integrated with the activity to create and establish units excelling in spiritual civilization. We should uphold the four basic principles, conduct in-depth education so as to inculcate ideals, morality, knowledge, and discipline in all our people. We should step up education in the socialist legal system, use communist ideals to kindle the great enthusiasm of workers and staff members for socialist modernization, and turn the workers' pursuit of lofty ideals into "love for the state, the enterprises, and their own jobs."

16. Departments in charge of economic work and comprehensive economic management at all levels should, in the work of "grasping management, upgrading enterprises, and improving performances in an all-round way," give meticulous guidance in order to create a favorable external environment for the enterprises. [paragraph continues]

It is necessary to uphold the principle of separating the functions of the government from those of the enterprise and to ensure the legitimate rights and interests of enterprises. It is necessary to resolutely implement the decisions of the State Council on extending the decision-making power of the enterprises, invigorating large and medium-sized enterprises, promoting technological progress, pushing forward lateral economic association, and curbing the practice of indiscriminately apportioning expenses. Efforts should be made to immediately rectify the practice of infringing upon the decision-making power and economic interests of enterprises once it is identified.

17. Other industries, such as transport, post and telecommunications, commerce, service, and building, may work out measures for strengthening enterprise management in line with this decision and in light of the specific situation.

STATE COUNCIL ON DISTRIBUTION OF SCIENTISTS

OW230519 Beijing XINHUA Domestic Service in Chinese 0055 GMT 22 Jul 86

[Text] Beijing, 22 Jul (XINHUA) -- The State Council recently adopted measures aimed at facilitating the reasonable distribution of scientists and technical personnel. It called on people's governments at all levels and departments under the State Council to strengthen leadership over the distribution of scientists and technicians; strive to create a favorable environment where people can best utilize their talents; endeavor to seek talented scientists and technicians; and encourage those people whose talents were previously neglected, wasted, or misplaced to work for enterprises and units requiring their skills or where their skills can be better utilized.

In this connection. the State Council issued a circular pointing out: The State Council issued "The Provisions on the Reasonable Distribution of Scientists and Technical Personnel" in 1983. Various localities performed a great deal of work in facilitating the reasonable distribution of scientific and technical personnel. The gradually initiated personnel distribution system has played a positive role in the dissemination of new technology, economic development in the urban and rural areas, and scientific and educational development. However, some problems still have to be overcome in some areas and some units. Generally speaking, the work on the distribution of scientists and technicians is still in the beginning stages. The major problem is that the channel for the distribution of scientists and technicians is still blocked; the phenomena of neglected, wasted, and misplaced talent has not been fundamentally resolved.

Following the spirit of reform in the structure of the economy, science, technology and education, and summing up work practices in past years, the State Council has looked into the problem of promoting the reasonable distribution of scientists and technicians and related questions. It has proposed that the state's key construction and scientific projects be given priority in employing and retaining personnel and be assured of adequate personnel required to run them. If this prerequisite is met, scientists and technicians will be encouraged to work at the forefront of industrial and agricultural production, helping run small and medium enterprises and collective enterprises in urban and rural areas, and boosting the technical transformation and innovation capabilities of those enterprises. [paragraph continues]

Urban scientists and technicians are encouraged to, and will be provided support in, working in rural areas, those from big cities will be encouraged to work in small and medium cities, while those from China's interior will be urged to work in border and remote areas.

The State Council has called on personnel departments at all levels and supervisory departments in charge of scientists and technicians to do practical organizational, coordination and supervisory work according to the state's related policy and regulations. Coordinated methods and various recruitment efforts should be adopted to open personnel distribution channels, overcome excess personnel and vacancy problems, strike a balance in distribution, and seek a sound composition of scientists and technicans in enterprises. Various localities should actively promote the exchange of services by scientists and technicians. Organizations engaging in scientific and technical exchange services should actively supply information on job opportunities, build a bridge between employers and job seekers, and help promote a reasonable flow of personnel among trades and units.

The State Council has proposed the gradual introduction of institute recruitment programs. On the basis of its personnel structure and quota, an enterprise should either recruit scientists and technicians internally or from outside. According to state regulations, an employing unit has the right to hire or not, while the individual has the right to accept or refuse the job offer. Proper arrangements should be made for those scientists and technicians who are not recruited. They should be encouraged to work in units where their abilities can be better utilized.

Scientists and technicans working in units where the recruitment system has not been instituted, or where they feel their abilities are not being properly utilized, may submit their resignations. They should submit their resignations in writing with the units, and the units should reply within three months after receiving them.

Scientific and technical personnel should abide by the state's policy and work ethics and not leave their posts without permission. Units should strictly abide by the state's personnel regulations in employing scientific and technical workers. According to the circumstances, units should properly handle cases of scientific and technical personnel who leave their posts without permission. Scientists and technicians may initiate transfer requests if they obtain permission from their own units and if they feel their abilities can be better utilized in another unit. Their transfer requests should contain prior approval from their original units as well as the new units. A person may proceed with his resignation if he obatins his original unit's prior approval. Those people who did not have prior approval should be urged to return to work at their original unit; the original unit should make proper job arrangements for them and not discriminate against them. Those who refuse to return to work or adhere to required resignation procedures will be regarded as work deserters.

Specific regulations governing resignations will be jointly formulated by the State Science and Technology Commission, the Ministry of Labor and Personnel, and other departments concerned, and be submitted to the State Council for approval.

The State Council encourages scientific and technical personnel to work in border and remote areas, pointing out that those who are willing to work in border areas, remote provinces, and autonomous regions will be given special privileges within the scope of the state's stipulated policy. It encourages enterprises to fill technological gaps through various means of technological and economic cooperation and through exchanges of scientists and technicians. It proposes that units of departments under the central authorities support localities with technical cadres and that localities supply college and vocational school graduates to units of departments under the central authorities.

The State Council calls on localities to search for local talent, hiring workers and staff with technical skills to raise the technical levels of small and medium enterprises, and collective enterprisese in urban and rural areas. It encourages technical personnel working for state-owned units to work in collectively-owned enterprises in urban and rural areas. Graduates of institutions of higher education for adults, such as TV schools, correspondence colleges, evening schools, and workers spare time colleges, who indeed have technical specialities but are not performing technical work, and self-educated workers and staff members who have passed the higher education qualification examinations should be helped to obtain technical jobs with medium-sized and small enterprises and rural and urban collective enterprises.

PLA HELPS IN LOCAL ECONOMIC CONSTRUCTION

OW261153 Beijing XINHUA Domestic Service in Chinese 2330 GMT 25 Jul 86

[Excerpts] Beijing, 26 Jul (XINHUA) -- It is learned from the PLA General Political Department that PLA units have actively helped the old revolutionary base areas, areas inhabited by minority nationalities, and frontier areas in developing production. They regard this work as an important part of the PLA's participation in national economic construction during the Seventh 5-Year Plan.

The Hebei Provincial CPC Committee and government have decided to give priority to develop mountainous areas, coastal areas, and areas around dams during the Seventh 5-Year Plan. Leading comrades of the Hebei Provincial Military District, together with work groups, have made three trips to Shexian, Fuping, Pingshan, and other counties to publicize the party's principles and policies, help the masses size up the economic potential of mountainous areas, and assist counties in setting up such industrial and sideline projects as quarries, smelteries, and mines. [passage omitted]

Many PLA units are stationed in economically backward areas inhabited by minority nationalities. Commanders and fighters stationed in these areas have helped local people prosper. A certain frontier guard unit in Yunnan, while vigilantly guarding the motherland, has organized scores of groups to tour villages. It has already helped people of 17 nationalities find ways to achieve prosperity.

REGULATIONS ON INVESTMENT IN FIXED ASSETS

OW241321 Beijing XINHUA Domestic Service in Chinese 0133 GMT 23 Jul 86

[Text] Beijing, 23 Jul (XINHUA) -- The State Council has stressed that controlling the scale of investment in fixed assets and readjusting the investment structure are important guarantees for the economic structural reform's smooth development and the national economy's sound development.

To this end, the State Council recently promulgated the "Regulations on Control Over the Scale of Investment in Fixed Assets," the main provisions of which are as follows:

All investments in fixed assets, including those by state- and collective-owned units and by individuals, the Chinese side of joint ventures using Chinese and foreign investment, and other economic organizations, should be included in national, departmental, or regional plans for investment in fixed assets; mandatory or guidance plans should be implemented according to different conditions. In investing in fixed assets, state-owned units should strictly control their investments in capital construction; more guidance should be given on investment in equipment renewal and technical transformation, and management should be strengthened in this regard. It is necessary to step up the investigation, analysis, and forecasting of investments by collectively owned units and individuals in urban and rural areas and to guide and manage such investments in a proper way.

In capital construction, state-owned units should adhere to capital construction procedures and keep new projects under strict control. Construction should be undertaken in strict accordance with approved designs and budgetary estimates. The authority to decide on small-scale projects and the authority to approve projects included in capital construction plans should not be delegated from level to level but exercised according to relevant regulations and the nature and scale of construction projects. No big and medium-size capital construction projects shall be added when a 5-year plan and an annual state plan are approved by the NPC, except in special circumstances.

It is necessary to strictly control bank loans for capital construction. Bank loan quotas for capital construction, which falls under mandatory planning, should be included in both the state credit and capital construction plans. Except for specialized banks and trust and investment corporations authorized by the State Council to provide loans for capital construction, no unit or company is allowed to do so; the leaders of a violating unit shall be investigated for their responsibility. Thirty percent annual interest shall be charged on capital construction loans not included in the state plan.

Self-raised funds should be used according to their sources. Bank loans should not be regarded as a source of self-raised funds for capital construction. With the approval of the State Economic Commission, an enterprise may use its production development fund for capital construction to be financed by self-raised funds, but it may not use any of its other funds for this purpose. When a project built with self-raised funds goes into operation, no less than 30 percent of the circulating fund needed by the project should be self-raised.

Equipment renewal and technical transformation by state-owned units should be undertaken according to construction procedures. An enterprise should retain a certain amount of funds for production development according to regulations, which should be mainly used for the renewal of equipment and factory buildings and technical transformation; welfare funds may be used to build welfare facilities related to the renovation of main projects, which should be included in renewal and transformation plans. The total amount of bank loans for equipment renewal and technical transformation is a mandatory quota. Enterprises' technical transformations that can bring about technical progress should be supported, and technical transformation designed only to expand their production capacities should be controlled. Particularly, expanding the capacity of producing products in excessive supply or technically backward products requiring high energy consumption should be strictly controlled. Departments in charge of products should periodically make public lists of products whose production capacities are limited, and approval must be obtained from such departments before expanding the production capabilities.

Collectively owned units' investment in fixed assets and the scale of such investment fall under the category of guidance planning. Bank loans for such investments should be controlled. No bank should grant a loan for a project that is technically backward and requires a high consumption of energy and raw materials. Strict control should be exercised over the building of duplicate projects whose products now can meet social needs as well as the construction of projects on which the state places restrictions. A high construction tax should be levied on such projects whenever they are discovered.

From 1986 on, provinces, autonomous regions, municipalities directly under the central government, and independently planning cities directly under the provincial authority [ji hua dan lie sheng xia shi 6060 0439 0830 0441 4164 6561 1579] should set estimated quotas for investment by individuals in capital construction every year. Banks shall not grant loans to individuals to set up enterprises, to purchase motor-driven means of transportation, or to invest in nonproductive construction.

A checkup should be conscientiously made on all projects under construction. Projects whose funds and materials are inadequate, those for which conditions for construction and future operation are unfavorable, those whose economic returns are not commensurate with investment, those whose technology is backward, and unnecessary duplicate construction projects should be stopped or postponed.

A sound planning management system should be instituted. In purchasing houses and other buildings as commodities, state-owned and collective units should include such purchases in their plans for investment. Departments and regions should also include their investments carried over from the previous year in their investment plans. In control over the investment plans for fixed assets as a whole, especially in capital construction, a system of responsibility by administrative leaders should be practiced; it is necessary to strengthen supervision and inspection in this regard.

When the total amount of investment in capital construction by a department, province, autonomous region, municipality directly under the central government, or independently planning city directly under the provincial authority is larger than prescribed in the state plan, the amount above the quota should be deducted from next year's quota for self-raised funds for capital construction.

JINGJI RIBAO ON SLOWED FIXED ASSET INVESTMENT

HK241243 Beijing JINGJI RIBAO in Chinese 19 Jul 86 p 1

[Report by Cheng Yuan: "Momentum of Excessive Expansion of Investment in Fixed Assets Throughout the Country Weakens"]

[Text] Thanks to a series of macroeconomic control methods adopted by the state, initial achievements were made in the work of controlling the scale of the investment in fixed assets in the first half of this year, and now the momentum of excessive expansion of investment in fixed assets has weakened. According to the State Statistics Bureau, the January-June investment in fixed assets in units owned by the people rose by 17.3 percent over the same period last year, much lower than the 38 percent rise recorded in the corresponding period of the previous year.

The statistics of the State Statistical Bureau also show that there has been a gratifying change in the structure of investment in fixed assets since the beginning of this year. Compared with the same period last year, the proportion of investment in communications and energy in capital construction investment rose from 36.2 percent to 38.7 percent, while the proportion of investment in nonproductive construction dropped from 40.5 percent to 38.3 percent. Investment in renovation and transformation, the proportion of the investment for increasing product variety, improving quality, and conserving energy rose from 18.2 percent to 26.2 percent, while the proportion of investment in measures aimed simply at increasing production capacity dropped from 40.6 to 34.8 percent.

However, a responsible person of the investment department under the State Statistics Bureau said that at present, unfavorable factors still exist that make for excessive growth in the scale of investment amid China's efforts to control the investment in fixed assets. The slowdown in investment growth in the first half of this year was achieved on the basis of the excessive growth in investment last year and amid relatively low industrial growth this year, so that growth in investment was still relatively high. The increase in investment in fixed assets was still much higher than industrial growth during the same period, and was also very distant from the investment scale called for in this year's planning arrangements. The responsible person said that unless controls are further strengthened now, the growth in investment this year will continue to exceed the growth in national income and production and in consumption funds. This will naturally further increase the accumulation rate, which is now already too high.

Analyzing the situation, the official said that in the first half of this year, the investment in renovation and transformation increased by 45 percent, much higher than the 7.9 percent increase of the investment in capital construction during the same period. Although the rate of budgetary investment dropped by 1.6 percent, the rate of the extra-budgetary investment rose by 27 percent. This situation shows that although the investment in capital construction was somewhat under control, the investment in renovation and transformation increased at a high rate. It was learned that the investment in renovation and transformation was also diverted to quite a number of capital construction projects which were built in the name of renovation and transformation. [paragraph continues]

Although the budgetary investment was under control, the extra-budgetary investment still showed a momentum of continued growth.

The official thought that at present, the capital construction projects are still too many, and in general, these capital construction projects have not been carefully put into good order. Moreover, there are quite a number of newly started capital construction projects. According to the statistics, there were 45,000 capital construction projects under construction in the first half of this year, only 1,000 projects less than the number in the corresponding period of last year. Among the 45,000 capital construction projects, there were 11,000 newly started projects, accounting for 24 percent of the total number of capital construction projects under construction. Most of these newly started projects were non-productive construction projects, and there were few projects really belonging to basic industries and basic installations.

Commentator's Article

HK241411 Beijing JINGJI RIBAO in Chinese 19 Jul 86 p 1

[Commentator's article: "Control the Scale of Investment in Fixed Assets in an All-Round Way"]

[Text] To control the scale of investment in fixed assets in an all-round way, strictly control the input of investment, resolutely reduce the overall scale of the projects currently under construction and increase the returns on the use of funds are important tasks in improving macroeconomic control and planned management. Fundamentally speaking, in order to make this work well, to effectively control the scale of investment in fixed assets, to rationalize the investment structure, and to continuously increase the returns on investment, we need to carry out the reform of the investment management structure and further perfect the reform of the overall economic structure. However, at present, because the old economic structure is still being replaced by a new one and the measures of economic regulatory means are still not yet perfect, we should continue to use necessary administative methods apart from using the economic methods.

The first question concerning the control of the scale of investment in fixed assets is that in recent years, we have put capital construction on the one hand and renovation and transformation on the other. Mandatory planning is applied to capital construction while guidance planning is applied to renovation and transformation. The common saying is "to exercise rigid control on capital construction and to relax control on renovation and transformation." However, we should know that the method of putting investment in capital construction and investment in renovation and transformation under separate management is adopted according to the needs of division of labor in the management system. The management of investment in capital construction and the management of investment in renovation and transformation are artificially separated and often cannot be clearly separated in real economic life.

As a result, loopholes have appeared in the planned management of investment in fixed assets: When capital construction is under rigid control, many capital construction projects still continue to be constructed in the name of renovation and transformation projects so that controlling the scope of investment has therefore become "a wooden dipper which has been pressed down into the water but has come up to the surface again" while investment in real renovation and transformation has failed to achieve its desired results. In the first half of this year, the proportion of investment for building new projects, extending existing projects and building the projects of a capital construction nature in investment earmarked for renovation and transformation projects rose by 10.8 percent. Compared with that in the corresponding period of last year, the proportion of investment in renovation of installations and technological transformation dropped from 56 percent recorded in the corresponding period of last year to 44.5 percent in the first half of this year. This is a good example. Therefore, we must implement a unified plan which is beneficial to controlling the scale of investment in fixed assets in an all-round way so as to really increase the proportion of investment earmarked for renovation and transformation of existing enterprises. This is a question demanding prompt solution in the work of controlling the scale of investment in fixed assets in an all-round way.

The second question concerning the control of the scale of investment in fixed assets is that while controlling the investment quota, we should also control the input of funds. The present quota of investment in fixed assets is the amount of labor input in the form of currency, so it is not the amount of funds actually invested in fixed assets. On the one hand, the amount of labor input of a certain year can consist of the funds left over from the previous year and the internal resources, and may not necessarily depend wholly on the funds to be spent in the same year. On the other hand, the funds to be spent in a certain year do not necessarily represent the labor input of the same year. So, if we now implement the method of controlling the investment quota only, which is an after-the-event control method, we will actually provide an opportunity for some units to contend for state appropriations and loans, take more funds than they are entitled to and expand their construction scale. In the first half of this year, the budgetary investment in renovation and transformation dropped by nearly 50 percent compared with that in the corresponding period of last year. While the January-May financial expenditure on tapping potential and carrying out technological transformation rose by over 70 percent compared with that in the corresponding period of last year, and the financial expenditure in the first 5 months of this year already exceeded the planned financial expenditure for the whole year. This situation has shown the problem. This method has produced a mechanism which lacks control on investment behavior, thus becoming the main reason for the expansion of the investment scale. Therefore, in order to control investment scale, we must control the input of funds. The planning department, financial department and banking department should jointly study and establish a system for planning investment in fixed assets, financial expenditure and the source of funds so as to bring into better play the macroeconomic management role of the financial and banking departments in realizing the plan of investment in fixed assets.

The third question concerning the control of investment in fixed assets is to not only control the annual investment but also control the total investment in projects under construction. The control of annual investment is indispensable to realizing the balance between financial resources and materials of the year. However, because the period for the construction fixed assets is long, annual investment cannot wholly demonstrate the whole scale of the current construction work. What can really demonstrate the whole scale of the current construction work is the total amount of planned investment in projects under construction. If we only reduce the annual investment but do not reduce the total investment in projects under construction, that would be "to keep the monk and reduce the gruel," and would extend the period for construction and reduce the returns on investment. At present, the reason that the construction of most of the projects cannot be completed within a reasonable construction period is that there are too many projects currently under construction and the scale of investment in projects under construction is too big. Therefore, in order to control the scale of investment in fixed assets, we must gradually solve the three questions mentioned above, conscientiously implement the control of the scale of investment in fixed assets in every project, readjust the projects according to importance and urgency by carefully putting the projects in good order, strictly control the number of newly started projects and resolutely reduce the scale of investment in projects under construction so as to control the scale of investment in fixed assets.

YUAN BAOHUA ON IMPROVING ENTERPRISE MANAGEMENT

OW241249 Beijing XINHUA Domestic Service in Chinese 0730 GMT 23 Jul 86

[By reporter Ge Daxing]

[Text] Beijing, 23 Jul (XINHUA) -- The State Economic Commission has set forth measures for implementing the "State Council Decision on Strengthening the Management of Industrial Enterprises," released only a short while ago. According to Economic Commission Vice Minister Yuan Baohua, all regions and departments must make every effort to do a good job in this regard, on the basis of the experiences gained in carrying out overall reorganization of their enterprises. The nation's large numbers of technologically backward and poorly-managed enterprises must undergo significant changes during the Seventh 5-Year Plan.

Addressing today's first regular meeting of departments under the State Council to discuss improving enterprise management, Yuan Baohua said: While new technology is essential for improving product quality, lowering material consumption, and achieving higher economic returns, efficient management is indispensable for adopting new technology. Only when technology is applied in harmonious coordination with proper management can our economy steadily develop in the course of material and spiritual construction as well as reform. The situation of the nation's enterprises shows that we must urgently improve their management in order to achieve higher economic returns. During the Seventh 5-Year Plan period, upgrading our enterprises according to the requirements prescribed in the State Council's decision -- "improving management, setting higher standards, and improving overall quality" -- is both a new way to improve the management of the nation's enterprises, and a continuation of the project of reorganizing enterprises carried out 4 years ago.

According to the SEC, since the beginning of 1986, many regions and departments have accomplished a great deal of work in improving the management of their enterprises. This includes inspecting their operation and management, collecting information about their major products' quality and material consumption, and making other preparations essential for upgrading the enterprises. After fully endorsing their achievements, Yuan Baohua set forth the following initial plan for upgrading enterprises:

First, efforts must be intensified to draw up standards for grading enterprises, especially specific standards for assessing the quality of their products, material consumption, and economic returns. This project may proceed by stages according to the specific situation of various trades and regions. Steps that can be easily taken should be taken before the more difficult ones. Efforts of producers, researchers, enterprises, associations, colleges, and other quarters should be enlisted to draw up these standards. The standards for selected experimental enterprises should be drawn up first. By the end of the year, the standards for assessing major goods manufactured by our enterprises should have been drawn up.

The plan for upgrading enterprises should incorporate the requirements at different levels, beginning with the minimum. All regions and departments must provide meticulous guidance for major units. First of all, they should help these units work up plans to become "higher grade" enterprises, and then they should draw up plans for upgrading the other enterprises in various regions and departments. The "upgrading" plans should be drawn up in combination with these enterprises development plans and operational strategies for the Seventh 5-Year Plan period, and also considering their directors' tenure. The plans must set the goals to be attained during the Seventh 5-Year Plan period, including the goals that have been achieved by some advanced enterprises at home and abroad, and practical measures that can be carried out step by step for achieving those goals. On the basis of conducting investigation and study, and providing coordination services, responsible departments of enterprises at all levels should guide their enterprises to become "higher grade" enterprises.

Corresponding coordination and operational offices should be promptly established or streamlined. The relevant organs in charge of enterprise upgrading may be reorganized or reinforced on the basis of existing enterprise consolidation offices. After these organs have been set up, a system governing work responsibilities must be set up as quickly as possible.

RENMIN RIBAO ON FORMING ECONOMIC ASSOCIATIONS

HK130845 Beijing RENMIN RIBAO in Chinese 27 Jun 86 p 5

[Article by Zhan Wu: "On Economic Association and Reform of the Economic Structure"]

[Text] Economic Association Comes Into Being When the Reform of the Economic Structure Develops to a Certain Stage

Economic association comes into being when the planned commodity economy or reform of the economic structure develops to a certain stage. In recent years, the development of economic reform has created favorable conditions for the development of economic association.

First, enterprise functions have been separated to a certain extent. The extension of the decision-making power of enterprises has been initiated. Apart from undertaking certain responsibilities, enterprises have relatively independent economic benefits. The implementation of the economic responsibility system has aroused the initiative of peasants and staff members for independent operation.

Second, the centralization of state power has been changed into decentralization of power between the central and local authorities, including decentralized management of finance. As a result, local areas now have relatively independent powers and economic benefits.

Third, the centralized planned control exercised directly by the state has been changed into a planned system which is a combination of mandatory planning, guidance planning, and market regulation. The purchase and marketing system for major farm products and manufactured goods for daily use has been reformed and the majority of farm products and manufactured goods for daily use can be purchased, marketed, and priced freely by factories and peasants.

Fourth, the state has given explicit orders to remove the barriers erected between markets of different regions and trades, vigorously pursue the policy of opening up to the outside world, invigorate the domestic economy, and encourage all cities to open their gates and give full play to their role as economic centers. As a result, more and more localities have benefited from the open policy.

In recent years, these favorable conditions have brought about remarkable changes in both the quantity and quality of the economic associations.

There was some economic association between enterprises in the past which played a vigorous role to a certain extent. However, it was difficult to consolidate and develop such associations because they were organized by the responsible departments and localities, by administrative means, and lacked vitality. Now economic association, based on the above favorable conditions, has taken shape from below in light of the principles of equality, voluntary participation, and mutual benefit and according to the objective needs of the commodity economic development. The new economic association can develop the strong points of each side to offset their weaknesses and achieve economic results better than in the pre-association period. Thus, it has exuberant vitality.

There was also some economic cooperation between regions in the past which played a certain role. But it was mainly adminsitrative cooperation between governments and political support given by the economically developed regions to the underdeveloped regions. Such cooperation could not last long because it was not based on mutual economic benefit. Following the reform of the old system, the economic cooperation and association between regions is established on the basis of making the most of the resources of each side, developing the strong points of each side to offset their weaknesses, and mutual economic benefit. Therefore, it has great vitality and can produce better economic results.

As the reform of the economic structure has brought about a qualitative change to economic association and cooperation, it has also remarkably increased the quantity of the economic associations. [paragraph continues]

Over 70,000 economic and technological cooperation items were concluded among the regions and between the regions and departments throughout the nation from 1981 to 1985. Of these, the items signed in 1985 totaled over 40,000. The role of economic association and cooperation has become increasingly prominent in the localities where economy has developed relatively fast. Take Changzhou City for example, the output value and profits of its economic associations in 1985 were respectively 32.86 percent and 40 percent of the total.

The Impact of Economic Association on the Old Economic System

Economic association is the outcome of economic reform as well as a motive force that gives impetus to economic reform. Its motive force is manifested in constantly exposing the things within the old system that hinder association and posing new problems for reform. Moreover, economic association can produce a great impact on the old economic system. Such an impact originates from the strong points of the economic association.

First, economic association can break the bounds of the existing structure and ownership, unite the relevant enterprises, develop production, and achieve better economic results. There are now two basic forms of association between industrial enterprises: One is cooperation among specialized departments in producing famous brand and high quality goods; and the other is association of funds, raw materials, factory buildings, equipment, technology, manpower, and other productive forces. Both forms have the characteristics of rational distribution, less investment, technological progress, new products, better quality, high labor productivity, and less material consumption. As a result, they can produce better economic results that are incomparable with the individual enterprises prior to the association. Although the existing ownership system, administrative relations, and delivery of profits remain unchanged in distribution, the better economic results attained by means of economic association can virtually eliminate the obstacles from the old system.

Second, the better economic results achieved through economic association will impel the responsible departments of enterprises and localities to reform the outdated planning, materials and goods management systems. Take, for example, the production of Yongjiu, Fenghuang, and other famous brand bicycles in the Shanghai Economic Zone which took shape in 1984. This economic and technological association which transcended provinces, municipalities, and ownership was a combination of several bicycle repair shops and over 50 spare parts factories in Shanghai, Suzhou, Nantong, Shaoxing, and Hefei. Beginning from 1985, the state assigned production quotas direct to the main factory. The main factory in Shanghai was responsible for making production arrangements and assigning the production quotas to associate factories. This was a breakthrough in the old system which assigned production quotas according to departments and regions. This breakthrough can further expand the production scale of famous brand products, carry out socialized production and cooperation among specialized departments, apply and popularize new technology, combine scientific research with production, break up the "large and comprehensive" enterprise structure, break a new path of intensive expanded reproduction, and enable all associates to achieve better economic results.

Third, the development of various forms of economic association in the rural areas can help improve the relations between the two ownership systems, that is, state farms (forestry centers) and the collective agriculture. For many years, the state farms have implemented a closed system of separating themselves from peasants. As a result, the disputes between many farms and the surrounding peasants remained unsolved for a long time. With the gates opened wide in recent years, the state farms and workers' households could establish economic ties with the surrounding specialized peasant households, local state-run or collective enterprises, and township enterprises. Moreover, the industrial and commercial enterprises of the state farms served the farms as well as society and local production. On the basis of mutual benefit, both sides relied on each other and made common progress. Consequently, many long-standing problems, particularly the disputes between the farms and peasants, were readily solved.

Fourth, joint operation and management in the circulation field that transcends regions and departments can effectively break with the barriers erected between regions. Owing to the changes in prices, supply, and demand, the circulation of some major farm products is usually blocked either openly or in a disguised form between the production area and the marketing area and between the processing area and the export cities. For this reason, it is usually difficult to get the desired result by merely relying on the administrative orders issued by the higher authorities. An effective economic method is to carry out agriculture-industry, agriculture-commerce, or agriculture-industry-commerce joint operations that transcend regions and departments according to the principle of equality and mutual benefit, distribute the profits in a reasonable and proportional manner, and give due consideration to the production area. Only in this way can we change blockade into association. For example, the joint management of live hogs between Hunan and Guangzhou, the joint production of grain between Hunan and Jiangxi on the one hand, and Guandong and Fujian on the other, and the joint production of vegetables, aquatic products and animal by-products between large cities and the surrounding commodity production bases have already produced, or are now producing, good results.

Fifth, by carrying out joint operation in export which combines industry with foreign trade and the ports with interior cities, we can break a new path in the reform of the outdated foreign trade system. Although the centralized system in the past was suited to the needs of China's foreign trade, it dampened the initiative of the localities and enterprises. This initiative was aroused after delegation of the power of operation of export commodities. However, the defects such as overlapping management and operation of similar export commodities by many ports and departments, contending for sources of goods by increasing prices internally, and carrying out competition in the market by cutting down prices externally disrupted the market at home and abroad, benefited others, and further intensified the contradictions between the industrial and trade departments and between the ports and the interior.

On the basis of equality and mutual benefit, only by carrying out joint management and operation between industrial and foreign trade enterprises and between the industrial and foreign trade enterprises of the ports and those of the interior with the focus on port cities, reasonably coordinating the interests of each side, and giving preferential treatment to the factories and the foreign trade enterprises of the interior so that they can understand that the goods exported by the joint company will be better than those exported by themselves, can we arouse the initiative of both the localities and enterprises, develop foreign trade in a unified manner, and establish a rational foreign trade system. The results of the carpet import and export company jointly established by industrial and trade departments with Tianjin as its center is typical example.

If extending the decision-making power of enterprises some time ago was the breakthrough of the reform of the economic structure, then the development of economic association will be a new breakthrough in accomplishing the following three tasks of economic reform during the Seventh 5-Year Plan: First, it is required by economic association that enterprises, large and medium-sized enterprises in particular, should have the right to choose associates and expand production, take part in various forms of economic associations that transcend departments, regions, and ownership and use the production development funds to make investment with the corresponding regions and departments. Their decision-making power will gradually be extended which will further invigorate enterprises, particularly large and medium-sized enterprises. Second, it is required by the economic association between regions and departments to establish a unified market in the country and to face the world market. This will inevitably promote the establishment and perfection of the market system as a whole which includes the markets for commodities, technology, funds, and manpower. Third, the development of economic association will gradually effect a change in state management over enterprises from direct control to indirect control as follows: 1) The development of enterprise associations can help remove the barriers erected between regions and departments, separate the administration of responsible departments from enterprise management, and simplify administrative procedures and delegate power; 2) the development of enterprise associations that transcend trades can help break the bounds of ownership, close down the administrative companies, and effect a functional change of the responsible departments from directly exercising management over enterprises to exercising management over trades; 3) the development of various forms of economic association will inevitably eliminate direct control exercised merely by administrative means and promote the reform of the departments that apply economic levers; and 4) the development of coordination among specialized departments focused on the production of famous brand and fine quality manufactured goods is bound to readjust the irrational enterprise structure, improve macrocontrol of the state over product mix and production setup, and enhance macrocontrol over the total volume of production.

Continuously Carry Out Reform and Promote Association

While promoting reform with association, it is also necessary to promote association with reform.

First, the reform of the economic structure should be carried out in a deepgoing way so as to remove the obstacles to the further development of economic association. The State Council has recently promulgated a decision on developing economic association among regions and departments, which made specific stipulations on planning, finance and taxation, capital, and statistics. The earnest implementation of this decision will inevitably promote the development of economic association.

Second, in order to ensure the normal development of economic association, the orientation of economic association should conform to that of economic reform.

1. In compliance with the development of the socialist commodity economy, it is necessary to adroitly guide action according to circumstances. In developing economic association, the administrative departments should not undertake the work of enterprises. It is necessary to ask enterprises whether they need association and whether they have the conditions. If enterprises are knocked together by administrative means, the association will eventually disintegrate and produce no good results.

2. The decision-making power of enterprises should be safeguarded. To forbid enterprises to join associations is tantamount to infringing upon their decision-making power. The enterprises should decide by themselves whether to join or withdraw from the economic associations. The purpose and form of the economic association and the right and duties of each party should be consulted by the enterprises that join the association on an equal basis and neither side should be allowed to force its views on the other.

3. The coexistence of various forms of association. The socialist economic system is a system in which various ownership forms and operation methods coexist with the public ownership occupying a dominant position. This is also the case in economic association. It can be a lkoose association as well as a compact association; an association of singly items or comprehensive association of various items and fields; and an association at an association at an elementary level or a higher level. Over the past 2 years, the loose association and association of single items at elementary level have developed toward a compact, comprehensive association at a higher level. The latter form has its strong points under given conditions. As China's economic development is uneven, the structure will still be coexistence of various association forms viewed from the situation as a whole. We cannot subjectively decide on which is the best association pattern. Under the conditions of a specific time and locality, the best pattern is one that can promote the development of production and achieve better economic results and that is well received by both sides of the association. We should not alk about the best pattern in abstract regardless of the time, place, and specific conditions, still less should we popularize a certain pattern subjectively by administrative means.

4. Mutual benefit and elimination of the practice of everybody sharing food from the big public pot. The distribution of interests within an association should be based o mutual benefit and a reasonable and fair distribution method should be worked out through democratic consultations instead of practicing egalitarianism, sharing food from the big public pot, or taking from the fat to pad the lean.

5. Manifestation of the vitality of economic association. The key link in the reform of the economic structure is to invigorate enterprises -- large and medium-size enterprises in particular. The most valuable point of economic association is that it enables various localities and enterprises to learn from each other's strong points to offset their weaknesses and develop overall advantages, thus invigorating enterprises and enhancing their competitiveness. The measures adopted by the state to encourage and support economic association are the external conditions that impel enterprises to fully display their internal vitality and competitiveness. The government-run associations hastily assembled and financed by state subsidies or the administrative companies that have put up the signboard of association wil not be viable.

6. The economic association should conform to the needs of overall reform and state macrocontol. In order to promote economic association, it should be put under the guidance of state planning and should conform to the needs of state macrocontrol. It is necessary to prevent the practices of blindly expanding the scale of capital construction, building duplicate projects, and exceeding the state's total credit under the excuse of economic association. Through economic association, the development of energy, transport, communications, and raw materials industry, export products, and sought-after marketable commodities should be encouraged so as to maintain a balance of general demand and supply and to appropriately readjust the production setup and product mix.

Third, when economic association and reform encounter difficulties, we should rely on the deepgoing reform to promote economic association rather than use old methods to solve new problems. For example, following the development of lateral economic ties between the industrial and commercial enterprises of different regions, manufactured goods for daily use can be marketed at other localities without being purchased and allocated by the local commercial enterprises. In order to ensure local market supply,, the commercial departments of some localities put forward the slogan of "using local products, making adequate arrangements for local markets, and withdrawing local currency from circulation" in an attempt to apply the old methods to restrict the proportion of goods marketed by local industrial enterprises and hand over the sources of goods to the local state-owned wholesale enterprises for distribution. Actually, this method will not work. The correct solution is to reform the state-owned commercial wholesale system, make use of the strong points of state-owned wholesale commerce to cater to the needs of the country's unified market, make overall arrangements for local markets, extensively develop economic ties and association that transcend provinces and cities, seek sources of goods from other localities. This conforms to the orientitation of reform and is advantageous to the further development of economic association.

GUANGDONG PUBLIC SECURITY ORGANS CRACK IILLEGAL DEALS

HK250706 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 24 Jul 86

[Text] Early this morning, Guangzhou City's public security organs closed down a number of shops which illegally purchased scrap metals, and impounded a large quantity of illegally purchased nonferrous metals.

The city's suburban public security sub-bureau discovered in (Kuangquan) District four shops which illegally purchased nonferrous metals for production use. It discovered more than 10 tons of illegally purchased nonferrous metals.

Haizhu District public security sub-bureau also discovered 11 shops which illegally purchased nonferrous metals. At a scrap materials shop in (Henan Shigang) Road, the public security personnel discovered more than 30 tons of nonferrous metals. Including 13 punching machines and a diesel grinding machine, as well as a large quantity of reinforcing bars, rolled steel, pipes and machinery parts. The public security organs closed down all shops that illegally purchased these nonferrous metals for further investigation.

The public security organs pointed out: At present, Guangzhou City has many scrap materials shops that have illegally purchased and sell nonferrous metals and stolen goods. Some even become the robbers' outlets for selling stolen goods. We must straighten out this kind of shop.

GUANGDONG ENTERPRISES SOLVE UNEMPLOYMENT PROBLEM

OW250252 Beijing XINHUA in English 0027 GMT 25 Jul 86

[Text] Guangzhou, July 25 (XINHUA) -- When more than 12,000 surplus rural laborers in Shijie District, Dongguan City in Guangdong Province, left the land, they did not flow into cities for jobs. They are now working in 150 township-run enterprises.

According to the district government, it has 17,000 laborers and 1,890 hectares of cultivated land, but farming just needs 5,000 laborers.

In China, factories and service undertakings run by individual peasants or their collectives are called township-run enterprises. Such enterprises are being encouraged to boost rural economic development and provide jobs for peasants not needed on the land.

China's cities, now densely populated and with difficulties in providing enough housing, jobs and other services for their residents, have no more ability to accommodate surplus labor from the countryside.

Located in the Pearl River Delta, Dongguan City is one of those in Guangdong Province whose rural industry had developed rapidly since 1979, when the policy of opening to the world and enlivening the domestic economy became official. The city, with 950,000 rural population, has 10,700 township enterprises which employ 210,000 peasants.

Last year, the total income of these enterprises reached 1.098 billion yuan, accounting for 52 percent of the city's total industrial output value.

In Dongguan, people find no difficulty in getting a job. Factory advertisements for new workers can be seen everywhere. Some factories have promised preferential treatments such as providing lodging and meals to attract new workers.

According to statistics of the province's township enterprise management department, Guangdong Province's rural enterprises employed 4.2 million people by the end of last year, or 38 percent of the rural surplus labor force. The rest have engaged in growing vegetables, fruits and other economic crops and breeding animals and aquatic products, the department said.

An official from the provincial agricultural commission said, in the Pearl River delta, which has achieved both developed economy and rural industry [as received], the rural factories' employment of peasants has taken a much bigger percentage of the total rural labor force. For example, about 60 percent of the total rural laborers in foshan city have transferred to rural factories and service undertakings.

Nanhai County under the jurisdiction of Foshan City got 1.78 billion yuan from township enterprises, accounting for 79 percent of the county's total rural economic income.

With advantages of being adjacent to Hong Kong and Macao, the delta has been an exporter of agricultural and sideline products in Guangdong Province.

Many products manufactured by rural factories are sold in Hong Kong and Macao. Dongguan's rice noodles sell well there.

With rural economic reform in the past year and adoption of advanced production techniques, the rural productivity has greatly developed.

Li Jinwei, party secretary of the Dongguan City party committee, said township enterprises have effectively solved the employment problem of rural surplus labor forces. Peasants can work in factories without leaving their hometowns.

GUANGDONG MEETING OF RURAL RECTIFICATION LIAISON MEN

HK220207 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 21 Jul 86

[Text] From 16 to 19 July, the office of the provincial CPC Committee's group for guiding party rectification held a report meeting in Guangzhou on the work of liaison personnel in rural district and township party rectification. Wang Ning, deputy secretary of the provincial CPC Committee and depty head of the committee's Group for Guiding Party Rectification, attended and spoke. Over 500 liaison personnel dispatched by the provincial CPC Committee were present.

Wang Ning said: Judging by the reports of the liaison groups, every stage of district-level party rectification in Guangdong has been done relatively soundly, and the results are satisfactory and better than expected. In particular, compared with the units at and above county-level, there have been new developments in making use of typical examples to conduct education in party spirit by positive example, in grasping the leadership groups -- the key -- in focusing on solving serious abuses of power and violations of law anddiscipline by party-member cadres, and in dealing with various negative phenomena. The reaction of the masses inside and outside the party is relatively good.

Comrade Wang Ning said: The method of sending liaison personnel to assist in party rectification at all levels is successful. During the township-level rectification which is about to get underway, the province and the prefectures, counties, and districts should dispatch a number of cadres down to the grass roots to act as liaison personnel.

HENAN GOVERNOR SPEAKS ON INDUSTRIAL REFORM ISSUES

HK190143 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 18 Jul 86

[Excerpts] Provincial Governor He Zhukang said at a meeting of prefectural and city CPC Committee secretaries, prefectural commissioners, and mayors, which concluded on 12 July, that bringing into play the initiative of the enterprises, staff, and workers should be regarded as a starting point in reform. It is necessary to make all-round efforts in this respect.

Henan's industrial performance was not too good in the first half of the year. There were many reasons for this, but failure to bring into sufficient play the initiative of the enterprises and the staff and workers was an important factor. In the past month or so, Governor He Zhukang has been conducting investigations in some factories, and has twice commissioned the provincial labor and personnel department and the social science academy to convene forums of plant managers and leading comrades of departments concerned to study the problems in this respect.

He Zhukang heard a report from the provincial federation of trade unions on a sample survey of worker's initiative. According to the survey, the initiative of over half the province's workers has not been brought into full play.

He Zhukang said: We must make a specific analysis of the factors hampering the effort to bring the workers' initiative into play. There are objective factors, but the subjective ones are more important. For instance, ideological work has not been done in depth. Some leaders lack democratic work style. People are misemployed, distribution is irrational, and so on. He Zhukang put forward calls to bring into full play the initiative of the managers and the initiative of those directly engaged in production. He said: We must first bring into full play the initiative of the plant operators, especially the managers. If the management group and the command system headed by the manager lack initiative, enthusiasm, and creativity, it is impossible to mobilize the initiative of an enterprise's workforce, and the enterprise cannot be enlivened.

At present, the key lies in instituting and perfecting the plant manager responsibility system. We must seriously streamline the administration and delegate powers. We must reform the leadership setup in the enterprises, and seriously solve the current problems of two teams of horses and carts with duplicated organs, which make it difficult to bring into play the managers' initiative. We must also institute and perfect the system of responsibility for a goal of endeavor during a manager's term of office. [passage omitted]

We must fully understand and trust the plant managers and support them in their work. We must not nitpick or demand perfection and still less should we allow non-working people to arbitrarily frame and deal blows at those who are actively working. False accusations made against plant managers who are enthusiastically engaged in reform must be corrected.

He Zhukang also particularly mentioned that the initiative of purchasing personnel should be brought into full play. [passage omitted] The activities of these personnel should be respected by society, and we should be bold in rewarding those who have made big contributions. [passage omitted]

On bringing into full play the initiative of the producers, He Zhukang said that there are many things to be done, but the most important are the following:

1. Eliminate egalitarianism in distribution and throughly implement the principle of distribution according to work and the principle of material interests. In the previous period, certain places failed to clearly distinguish between looking for money in everything and the principle of correct material interests, with the result that certain enterprises dared not carry out distribution in line with the demand for more pay for more work, and some dared not persevere with effective economic responsibility systems. The practice of many years tells us that the principle of distribution according to work cannot be violated. If we go back to the road of having everybody eat out of one big pot that can only harm the workers' initiative.

2. We should reform the enterprises' political work systems and methods, and eliminate phenomena such as doing things in a general and dogmatic way and practicing bureaucratism and formalism. [passage omitted]

3. Practice democratic management, put the workers' congress system on a sound basis, and strengthen the workers' sense of responsibility as masters of the house. [passage omitted]

HUNAN'S MAO ZHIYONG AT MEETING ON REFORM

HK231045 Changsha Hunan Provincial Service in Mandarin 2200 GMT 21 Jul 86

[Text] On 19 July, Mao Zhiyong, secretary of the provincial CPC Committee, made a proposal at the provincial CPC Committee and government meeting of prefectural and city responsible cadres and cadres of provincial departments and bureaus. He proposed that the general line of the province's work in the second half of this year be to make reforms promote economic development, to make party style promote the building of spiritual civilization as a whole, and to make leading groups' workstyle promote the implementation of various tasks.

The 6-day meeting mainly conveyed the spirit of central meetings, and worked out plans for the work in the second half of this year.

Xiong Qingquan, deputy secretary of the provincial CPC Committee and governor; and Liu Zheng, deputy secretary of the provincial CPC Committee, delivered speeches on upholding reforms, further invigorating the economy, and strengthened ideological and political work.

At the closing session of the meeting, Mao Zhiyong, secretary of the provincial CPC Committee, delivered the summation. Basing on the study of the spirit of central leaders' speeches, the participants seriously discussed issues in connection with the province's actual conditions.

In the course of discussion, they all held: Generally speaking, the province's economic and political situation in the first half of this year was a good one. However, there are still more problems.

The participants analyzed the problems in a truth-seeking manner.

The meeting pointed out: The province has made remarkable achievements in recent reforms. In our future reform, we may take still a more relaxed attitude toward our thinkng and actions. Under the centralized planning of the CPC Central Committee and State Council, we must carry out our current reforms in an in-depth manner, while doing well in the future reforms. On the basis of summing up the past experience, we must gradually implement on a full scale the responsibility system for factory directors and managers. We must give full play to their administrative role. On cadres, we should promote to the post of factory director anyone who is good at managing an enterprise's production and operation, and who can play an administrative role. Also, we should promote to the post of party secretary anyone who is good at carrying out ideological and political work, and who can play a supervisory role. Factory directors and secretaries must make joint efforts in doing well in the enterprises's tasks.

The meeting urged: We should try by all means to invigorate the enterprises, and must not apportion expenses to them. We should take a moew relaxed attitude toward the work of readjusting the rural industrial structure. We must transfer rural surplus manpower to such trades as industry, commerce, transport, the building industry, and the service industry. Though the development of lateral economic ties, we should integrate furter the urban and rural reforms.

Proceeding from the viewpoint of macroeconomics, the meetng seriously studied problems concerning industry, agriculture, commodity circulation, and finance. It urged that we should resolutely check additional capital construction and financial expenditure.

The meeting also pointed out: All political tasks must pave the way for reforms. Leaders at all levels must personally take charge of the ideological and political work. In accordance with actual conditions, they should be good at giving guidance. Instead of indulging in empty talk, they must strengthen their studies on theory, so as to improve the quality of ideological and political work.

The meeting stressed: Leaders at all levels must resolutely overcome the major weak point of bureaucratism, and establish the concept of offering service. They should go down to the grassroots, and help units solve problems that hinder reforms, affect production, and dampen the initiative of the people.

The meeting was attended by leading comrades of the provincial CPC Committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress, the provincial government, the provincial CPPCC, and the provincial Military District.

SICHUAN DISCUSSES MANAGER RESPONSIBILITY SYSTEM

HK220829 Chengdu Sichuan Provincial Service in Mandarin 0930 GMT 19 Jul 86

[Text] The provincial CPC Committee and people's government yesterday held a conference in Chengdu City on pilot projects in the factory manager responsibility system. The central subject of the conference is to relay and implement the three regulations to be promulgated by the CPC Central Committee and the State Council on industrial enterprises owned by the whole people, to sum up and exchange experiences in implementing the factory manager responsibility system, and to make arrangements for properly carrying out pilot projects in the factory manager responsibility system and for implementing the economic responsibility system. The conference called for resolutely implementing the factory manager responsibility system so as to upgrade the pilot project work to a new level and explore new experiences in establishing the leadership setup of socialist enterprises with Chinese characteristics.

The conference was presided over by Comrade Ma Lin, provincial vice governor. Comrade Gu Jinchi, Standing Committee member of the provincial CPC Committee and provincial vice governor, delivered an important speech at the conference.

In his speech, Comrade Gu Jinchi first reviewed the implementation of the factory manager responsibility system in the province. He pointed out that the pilot project of factory manager responsibilty system has been carried out properly and healthily in the province. By now, some 1,038 state-run local industiral, communications, and construction enterprises in the province have implemented the factory manager responsibility system, and most have achieved good or relatively good results in the pilot project. In these enterprises, production command and business management have been strengthened; the relationship between party, administration, and trade union federations has become more harmonious; and economic results have been greatly improved. He then stressed that five tasks must be firmly grasped in order to further properly carry out the pilot project of the factory manager responsibility system.

More than 400 people attended the conference, including responsible comrades from all city, prefectural, and autonomous prefectural party and government organs; from the relevent departments of all cities, prefectures, and autonomous prefectures; and from all provincial departments, commissions, offices, and bureaus; and representatives of some key enterprises.

YUNNAN VICE GOVERNOR MAKES ECONOMIC REPORT

HK250451 Kunming Yunnan Provincial Service in Mandarin 2200 GMT 23 Jul 86

[Text] On the morning of 23 July, Vice Governor Zhu Kui made an economic report at the provincial meeting of county governors. In his report, he stressed: We must uphold reforms, invigorate enterprises, seriously implement the measures of fighting against natural disasters, speeding the economic development, and try all means to accomplish this year's national economic plan.

Vice Governor Zhu Kui said: In the first half of this year, the province made remarkable achievements in economic work. The development trend was very good. Organizations at all levels attached great importance to agriculture. They increased the supply of funds and materials. [words indistinct] They carried out the measures concerning science and technology in a down-to-earth manner.

The growing area of spring-sown grain and rice was 500,,000 mu more than that of last year, thereby laying a good foundation for reaping a good harvest. For cash crops, except for the growing areas of flue-cured tobacco which was less than last year, the growing areas of sugarcane and peanut were also increased.

In the first half of this year, the output value of industrial production was more than last year. Twenty-eight out of 50 kinds of industrial products examined have fulfilled and overfulfilled this year's planned growth rate. The output volume of raw coal, coke, energy generated, yellow phosphorus, nonferrous metals, cargo transport, as well as major light industrial products and textiles was more than 50 percent of this year's production quotas. Both the urban and rural markets maintained the stable, prosperous and lively development trend. There was a considerable growth in trading, while the financial situation was fine.

Vice Government Zhu Kui said: The guiding ideology for our economic work in the second half of this year is to uphold reform, invigorate enterprises, and seriously implement the measures of fighting against natural disasters. By focusing on the improvement of economic results, we should further arrange well the work concerning production and circulation. Also, we should speed up the economic development, try all means to accomplish this year's national economic plan, and make preparations for next year's reforms and economic development.

In conection with the province's actual conditions, Vice Governor Zhu Kui talked about the 10 tasks in which we should emphatically do well in the second half of this year:

First, we should uphold reform and invigorate enterprises. Leadership at all levels must take the lead in engaging in reforms. They should have a clear-cut stand concerning the work of supporting and protecting those who back the reform. They should draw distinctions in accordance with the economic policies, and encourage cadres to go all out to handle work concerning reforms and production. They must further implement the policies of invigorating enterprises, and sincerely return the decision-making power to enterprises so as to revitalize them.

Second, we should implement the measures for fighting against natural disasters, and strive for a bumper agricultural harvest. Leadership at all levels must realize that by doing our work well in spring we can lay the foundation for increasing our agricultural output, otherwise there will be the risk of decreasing our agricultural output. Therefore, we must not slacken our efforts or just sit back waiting for a bumper harvest with folded arms. Also, we must not relax our attitude toward the work in this area. Instead, we must continue to go down to the first front of production, promptly solve problems once they are found, and unswervingly carry out the policies of increasing production so that peasants will earn more by producing more.

Third, we should greatly increase those marketable products, and speed up the growth rate of industrial production. Having an irrational product structure is rather a major problem in the economic development. In the second half of this year, therefore, we must change this situation. We must act in accordance with the market demand, and adopt economic means to readjust the product structure by retaining the strong points while discarding the weak ones. While promoting the increase of production of marketable products, we should actively develop new products.

Fourth, we should go all out in developing township collective enterprises. Leaders at all levels must thoroughly understand that there is no problem of excessive development among the province's collective enterprises. On the contrary, the province's economic development depends largely on the township collective enterprises. Thus, we must enthusiastically support them so as to strive for fairly large-scale boost in the township collective economy's growth rate in the second half of this year.

Fifth, we should further clear circulation channels, and do well in purchase and supply work, as well as in guiding the market consumption.

Sixth, we should expend great efforts to increase revenue and cut expenditure, and ensure the fulfillment of quotas for collecting revenue.

Seventh, we should greatly increase the amount of export goods so as to earn more foreign exchange.

Eighth, we should actively promote lateral economic links.

Ninth, we should continue to strengthen and improve macroeconomic control.

Tenth, we should make appropriate arrangements for the people living in disaster areas. Leading cadres at all levels must go down to the grass roots and carry out their work in an in-depth and meticulous manner. Relief funds, allocated by the upper authorities to various localities, must be spent for the designated purpose, and for supplying food to households living in disaster areas, as well s pooor and mountainous areas. Civil affairs and grain departments must be responsible for really distributing the relief food and funds to the households that badly need them to solve difficulties. At the same time, they should organize the people to develop production for self-reliance and to earn more income, so as to alleviate the difficulties caused by natural disasters.

BEIJING SECRETARY AT EDUCATION WORK CONFERENCE

SK190804 Beijing BEIJING RIBAO in Chinese 10 Jul 86 p 1

[Excerpts] The Beijing municipal education work conference opened on 9 July. Major tasks of the conference were to further clarify the tasks for our municipality to carry out the 9-year compulsory education, to mobilize the whole party and whole society to attach importance to education, and to strengthen the teacher contingents to work for the universalization of the 9-year compulsory education.

Leading comrades, including Li Ximing, Xu Weicheng, Wang Jialiu, Wang Guang and Bai Jiefu, attended the conference. Chen Haosu gave a report entitled "Attach Importance to Education, Strengthen the Teacher Contingents, and Strive for Universalizing the 9-Year Compulsory Education." [passage omitted]

The conference called for efforts to focus on two tasks this year. One is to publicize and implement the "Compulsory Education Law," and make elementary education successful. The other is to properly redress the problems in the teacher contingents. The conference pointed out: The promulgation and implementation of the "Compulsory Education Law" is a major event bearing on the future of the country and the nation, and indicates that our country has entered a new stage in making compulsory education universal. Party committees and governments at all levels should conscientiously take charge of and place high on their agenda the publicity of the "Compulsory Education Law" and our municipality's methods for its implementation. They should train and send personnel to offices, PLA units, industrial and mining factories, neighborhoods, townships and villages, and even households to explain the "Compulsory Education Law" and make it known to every household and everybody. In this way, the masses will be able to clearly understand the significance and basic tasks of the compulsory education, the school age, the study period, the obligations and legal responsibility of the state, the society, the school and the parents, and the steps and measures of our municipality to implement the compulsory education. [passage omitted]

The conference stressed: Strengthening the teacher contingents is a key task of education work at present and for some time to come, and also a key to the implementation of the "Compulsory Education Law." At present, primary and middle schools in our municipality face a very serious shortage of teachers, which greatly affects the implementation of the compulsory education and the improvement of the quality of education. All party committees and governments, educational administrative departments, and leading comrades of schools for various categories and at various levels should regard the strengthening of the teacher contingents as a decisive link to educational development, earnestly work out plans for replenishing and training primary and middle school teachers during the Seventh 5-Year Plan period, and conscientiously carry them out. Meanwhile, it is necessary to widely mobilize and organize forces from all circles of society to exert concerted efforts to improve the teacher contingents. The municipal government has decided to give priority to strengthening teachers' training institutes, and increase their funds gradually every year to improve their teaching conditions. Seventy percent of the graduates of teachers' training institutes should be assigned to work at education departments. Outstanding middle school graduates should be encouraged to apply for entering teachers' training institutes. In addition, such measures as allowing teachers' training institutes to enroll individually ahead of other schools, increasing the number of students who are admitted through recommendation without taking examinations, and conducting overall training should be taken to improve the quality of the students of teachers' training institutes.

To strengthen the teacher contingents, on-the-job training of teachers is also an urgent task. Therefore, we should continue to strengthen the Beijing Educational Institute and its branches, and the schools for the teachers' advanced studies, give full play to the superiority of the colleges and universities of the national capital, actively win the assistance of other institutes, and make use of correspondence, radio television courses, examinations for the self-taught people, and other means to train teachers so that teachers without qualified schooling or who are incompetent in their work will gradually become qualified. [passage omitted]

NEI MONGGOL SECRETARY INSPECTS CHIFENG, JIREM LEAGUE

SK190204 Hohhot Nei Monggol Regional Service in Mandarin 2200 GMT 16 Jul 86

[Text] During his recent inspection tour of Chifeng City and Jirem League, Zhang Shuguang, secretary of the regional CPC Committee pointed out that it is necessary to break with the shackles of outdated habits and ideas of the natural economy and small-scale production; eliminate barriers between departments and regions and rigid systems; strengthen lateral economic ties; follow the road of developing crop farming, animal breeding, and the processing industry in line with the principle of developing trade, industry and agriculture simultaneously; actively develop commodity production by taking township enterprises as a point on which to make a breakthrough; strive to speed up the development of the productive forces; stimulate the progress of society; increase social wealth; improve the people's livelihood, and promote the realization of the four modernizations.

From 12 June to 6 July, Comrade Zhang Shuguang and Comrade Qian Fenyong, deputy secretary of the regional CPC Committee, separately inspected seven banners, counties, and districts in Chifeng City as well as eight banners, counties and cities in Jirem League. During his inspection tour Comrade Zhang Shuguang pointed out: Chifeng City and Jirem League should speed up the development of the commodity economy. At present, they should consider the development of township enterprises as an important economic strategic task and organize and mobilize the broad masses of people to participate in this economic drive. There are many favorable conditions for developing township enterprises. First, we have cheap labor forces, and second, we only require simple equipment. Township enterprises require a small investment but yield quick returns. Third, the people may leave the soil but not their villages, and they may engage either in farming or industry and adopt diversified and flexible methods with their own characteristics.

Comrade Zhang Shuguang pointed out: It is necessary to double the industrial and agricultural output value and to attain a comparatively well-off level. The key to achieving this is to vigorously develop township enterprises and the commodity economy.

During his inspection tour, Comrade Zhang Shuguang visited many individual and collective enterprises, and pointed out that it is necessary to have leaders and pioneers in developing township enterprises. In the past we regarded those who took the lead in developing the commodity economy as capitalists who intended to show off. Townships and towns should not carry out that work which can be done by individuals or a group of households, and that which can be done by townships and towns should not be done by banners, counties, and leagues. We should not vie with the masses for work but give them multisided aid and serve them. We should also pay attention to guiding these pioneers and enabling them to coordinate with the broad masses. We should encourage them to help others to become prosperous universally after they have become rich.

Comrade Zhang Shuguang also pointed out: We should base things on local resources while developing township enterprises. Animal husbandry is one of our region's favorable conditions. In developing township enterprises, we should exert efforts to vigorously develop the animal by-product processing industry. At the same time, in line with the needs of animal husbandry production and the people's livelihood, we should develop the fodder and animal feed processing industry, food processing industry, building materials industry, and building industry.

While touching on the markets for selling products of township enterprises, Comrade Zhang Shuguang said: The main direction of circulation of our products is to deliver products to the rural areas, the mountain valleys and the pastoral areas. During his inspection tour Comrade Zhang Shuguang inspected many banners and cities and, talked with the masses and asked about their market situation. He said to responsible comrades of some banners, counties, leagues and cities: In running township enterprises and developing the commodity economy, we must not neglect circulation and village trade fairs. Leaders at all levels should be concerned about markets, attend to market information, and consider trade fairs as windows for the commodity economy and places for exchanging information.

Comrade Zhang Shuguang pointed out: According to history, Chifeng City and Jirem League are comparatively developed in agriculture and their grain output occupies a decisive position in the region. Therefore, it is correct to consider agriculture as an important economic strategy. However, we should also note that these two areas, in terms of natural conditions, have plains, hilly areas, hillsides, sandy land, water areas, and grassland with favorable conditions for developing agriculture, forestry, and animal husbandry. The three together may be called large-scale animal husbandry. It is very necessary for herdsmen and peasants to give overall consideration to these three fields and to make overall arrangements for them.

He pointed out: Since the 3d Plenary Session of the 11th CPC Central Committee, the speed of solving the people's food and clothing problems in the rural areas has been unexpectedly rapid. However, it is impossible to realize the transition from a state of just enough food and clothing to one of being comparatively well-off by depending on grain cultivation only. In terms of economic strategy, we should give consideration to displaying the superiority of crop farming in the rural areas and the livestock breeding industry in cities, and fully use roots and stems of farm crops as animal feed. In addition, we should also do a good job in planting fodder grass and make good use of grazing grounds in spring to develop the livestock breeding industry. These favorable conditions are especially suitable for animal husbandry. We have good prospects for this. Therefore, we should take agriculture to promote animal husbandry and take animal husbandry to stimulate agriculture, integrate agriculture and animal husbandry, and strive for overall development.

Comrade Zhang Shuguang stressed repeatedly: In order to upgrade crop farming and the breeding industry, we should develop the processing industry. We should make all products cater to the needs of the commodity economy. We should process what is necessary in the markets and plant and breed what is necessary for the processing industry. We should follow the road of developing crop farming, animal breeding, and the processing industry in line with the principle of developing trade, industry and agriculture simultaneously, for it is a good way in promoting the rapid development of the commodity economy and making the rural and pastoral areas prosperous within a short period of time.

During his inspection tours to Chifeng City and Jirem League, Comrade Zhang Shuguang also inspected many enterprises which had paid attention to tapping both internal and external potentials. He pointed out: The key to developing lateral economic cooperation lies in two fields. First, we should attend to information and establish information networks. Second, we should pay attention to importing competent personnel, updating technology and equipment, and assimilating technology. All localities should break with the shackles of the traditional ideas and habits of the natural economy and small-scale production, eliminate the barriers between different departments and regions and the restrictions of rigid administrative systems, emancipate thinking, broaden their field of vision, reform and blaze new trials, and pioneer their road of advance.

During his tour in Chifeng City Comrade Zhang Shuguang also inspected some banners and counties to examine how they had improved small river valleys. He said: Improving small river valleys is a new turn in comprehensively improving the mountainous areas. Through years of exploration, Chifeng City has already found a feasible way in this regard. This city has developed the superiority of the mountainous areas and mountain resources and focused its attention on improving the ecological environment. It has proceeded with improving small valleys, spread the work from selected units to an entire area, and made overall planning for developing mountainous areas, water areas, arable land, forestry and grassland in an effort to achieve overall development in agriculture, forestry, animal husbandry, industry, and commerce.

Comrade Zhang Shuguang pointed out: The experience of Chifeng City merits our attention and is worthy of summing up and popularization. This experience is also applicable to building grassland and all fields of construction.

During his inspection tour in Jirem League, Comrade Zhang Shuguang also inspected every section of the Horqin sandy area to see how the sandy land had been improved. He said: In order to live off the sandy land, to tackle problems, and to make full use of it, we must pay attention to preventing sand from drifting away in the sandy areas. He pointed out: The Horqin sandy area has a high water level. Its vegetation will be rapidly restored if we seal off this area and plant trees and grass on it. The key to achieving this is to ease policy restrictions and to render better service. We should guide the masses and make them understand the necessity of following the road of using our shortcomings to simulate our strong points and combining both our shortcomings and strong points while improving small valleys and sandy land. We should give consideration to both the immediate and long-term interests and pay attention to long-term economic results and ecological benefits.

SHANXI'S LI LIGONG INSPECTS WORK IN QINYUAN COUNTY

HK200649 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 19 Jul 86

[Summary from poor reception] Provincial CPC Committee Secretary Li Ligong inspected work in Qinyuan County, an old revolutionary base, on 16 and 17 July. He stressed taking advantage of local conditions to speed up construction in the mountain areas.

NATIONAL DEVELOPMENT SEMINAR CONCLUDES 25 JUL 86

Environmental Protection Stressed

OW220337 Taipei CNA in English 0239 GMT 22 Jul 86

[Text] Taipei, July 21 (CNA) -- Premier Yu Kuo-hwa said Monday that the government from now on will give priority to environmental protection in its administrative role to meet the public demand that the quality of the natural environment here be improved.

Yu made the remarks after hearing a discussion of the panel on scientific development of the ongoing 1986 National Development Seminar here.

Yu said that the government in the past has paid less attention to environmental protection while trying to accelerate the nation's industrial development.

Yu said that the people's opposition to the setting up of the nation's fourth nuclear power plant and the Du Pont Company of the United States' titanium dioxide paint pigment plant in Changhua, central Taiwan has shown clearly that citizens here have become more concerned about the problem of environmental pollution.

Dr. Yu Kwang-hwa, a department manager of the Fisher Controls Co. of the U.S., suggested that the National Science Council [NSC] list the issue of environmental protection as one of the nation's long-term scientific development projects.

NSC chairman Dr. Chen Li-an, in response, said that the government has formed a super-ministerial panel to deal with environmental protection.

Dr. Arthur E.T. Chiou, an engineer with a technological research firm in the U.S. said that the public's viewing environmental protection as very important is a good phenomenon. He suggested that the government seek to educate the people on proper concepts of environmental protection so as to help them avoid letting their concern over environmental pollution problems turn into purely emotional responses.

Resource Shortage Can Be Offset

OW251229 Taipei CNA in English 0935 GMT 25 Jul 86

[Text] Taipei, July 25 (CNA) -- Premier Yu Kuo-hwa Friday closed the 1986 National Development Seminar by thanking the participating scholars for drawing up a "blueprint" for the nation's long-term development.

He said the conclusion of the seminar marks the start of the Republic of China's march toward joining the ranks of developed countries, which was the theme of the seminar. The premier pledged that the government will act on the recommendations made by the seminar participants.

Dr John Fei, an economics professor from Yale University and the leader of the seminar participants, said in his closing remarks that the bottleneck in free China's long-term development is not a shortage of manpower and capital or a deficiency in science and technology but a dearth of natural resources.

Manpower resources, however, can offset the shortage of natural resources, Fei said, citing as evidence the economic success so far as the "four little dragons" of Asia -- Taiwan, South Korea, Hong Kong and Singapore.

More than 210 Chinese scholars and experts from here and abroad took part in the meeting, designed to induce suggestions from the intellectuals for national development programs in the coming years.

Blueprint for Future Offered

OW251237 Taipei CNA in English 0959 GMT 25 Jul 86

[Text] Taipei, July 25 (CNA) -- Premier Yu Kuo-hwa Friday highly praised the achievements of the 1986 National Development Seminar, saying it has created a blueprint for the Republic of China's national development up to the year 2000.

The 1986 National Development Seminar concluded successfully Friday morning at the Asiaworld Plaza Hotel in downtown Taipei after 12 days of discussion.

Presiding over the closing ceremony of the seminar, Premier Yu expressed his appreciation to participants for submitting to the government many development proposals. He assured the participants that their proposals will be sent to the concerned government agencies for implementation under the strict supervision of the research, development and evaluation commission.

"The ending of this year's National Development Seminar marks the beginning of our national campaign to advance into the ranks of developed nations," the premier said.

The seminar, with the theme "advancing into the ranks of the developed nations," opened July 14 in Taipei with over 200 scholars from here and abroad participating. Panel discussions dealing with economic, educational, cultural affairs and technological development were held over the last few days.

This morning, participants held their last session to summarize the results of their discussions over the last 12 days and reached the following conclusions:

-- On long-term economic development: The government should lower import tariffs on cars to ten percent within six years and on textiles to 5 percent within two years. Moreover, the government should set its long-term oil policy in consideration of the nation's over-all economic development;

-- On manpower and educational development: The government should extend compulsory education from nine years to 12 years and loosen current restrictions to allow senior high school graduates to go abroad for further study after completing their military service;

-- On social and cultural development: The status of the council for cultural planning and development should be upgraded to the ministerial level to promote cultural development in the nation;

-- On technological development: The government should increase its annual budget for technological research until it occupies two percent of the gross national product and make efforts to introduce advanced technologies from abroad.

-- On monetary policy: The government should make public exactly how it is utilizing the nation's foreign exchange reserves to clear away public doubt, and it should improve the operations of the domestic security market;

-- On regional development: Priority should be given to the balanced development of the Taiwan area and the proper utilization of its natural resources;

-- On transportation: To keep in step with the nation's economic development, the government should lay the groundwork for the establishment of a islandwide transportation system; and

-- On the development of the information industry: The government should promote standardization and cooperate with the private sector to upgrade the level of the nation's computer-related industries.

TAIWAN TO IMPORT U.S. BEER, WINE, CIGARETTES

OW280427 Taipei CNA in English 0235 GMT 28 Jul 86

[Text] Taipei, July 27 (CNA) -- In line with the government's policy to open the domestic market to American cigarettes and alcoholic beverages before October, the Taiwan Tobacco and Wine Monopoly Bureau has completed its draft revision of statutes governing the monopoly, as well as other necessary work.

The bureau said Sunday the government is absolutely sincere about keeping its promise to the U.S. authorities that it will start to import American beer, grape wine and cigarettes before October this year.

It said it has drafted revisions of three statutes governing its purchasing and sales of cigarettes and wine in the Taiwan area and the bureau has submitted the revisions to the Executive Yuan for approval.

Following the opening of the market, retailers will be allowed to sell American grape wine, beer and cigarettes, but not hard liquor.

ROC [Republic of China] and U.S. trade officials will meet again in August on the details of import prices on U.S. cigarettes and alcoholic beverages, monopoly profits and retail prices as they did not reach conclusions on these issues in earlier talks, the bureau said.

During the ROC-U.S. trade consultation meeting last October, the ROC delegation agreed to open the ROC market to American beer, grape wine and cigarettes within six to 12 months, the bureau said.

FURTHER REPORTING ON DAYA BAY NUCLEAR PLANT

No Change in Plans Contemplated

HK260306 Hong Kong WEN WEI PO in Chinese 26 Jul 86 p 2

[Report: "LIAOWANG Reveals That the Daya Bay Nuclear Plant Plan Will Not Be Changed"]

[Text] According to the latest issue of the overseas edition of LIAOWANG, which is about to come off the press, there will be no change in the plan to build the Daya Bay nuclear plant.

The journal's "Letter from Beijing," signed by Zhang Hu, says: "There has been no change, nor will there be any change, in the Chinese Government's policy laid down on developing nuclear energy (naturally including the building of the Daya Bay Plant). The central authorities have paid full attention to the question of the safety of nuclear plants right from the start, and have come up with strict and thorough regulations and designs. There is therefore no need to worry."

Zhang Hu's letter also says: "There are a number of facts that can eliminate people's doubts over the construction of the Daya Bay nuclear plant:

"First, the State Council has approved the promulgation of regulations regarding safety in the choice of site, design safety, operating safety, and quality guarantee safety for nuclear plants. The government's concern for people's safety is thus evident.

"Second, the State Council has specially established a nuclear safety bureau for the purpose of ensuring safety matters, to make strict examination and exercise on-the-spot supervision of nuclear plant design, construction, and operation. This is a powerful and independent safety supervisory organ, which has a number of high-level expertson its staff.

"Third, the government is currently formulating and perfecting rules and regulations regarding activities in the nuclear field, to ensure that there are laws that can and must be followed and will be strictly enforced, and that violators will be prosecuted. This is the legislative grarantee."

Paper Details Plant Study

HK270436 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 27 Jul 86 pp 1,2

["Exclusive" by Ann Quon]

[Text] The Long-awaited feasibility report on the Daya Bay nuclear plant, due to be released to Legislative Councillors tommorrow, contains little information on safety and no reference to contingency measures in the event of a major nuclear accident.

The report, which has been seen by the SUNDAY MORNING POST, is bound to upset those seeking assurances about the plant's safety aspects.

Throughout the five-volume report, of which only three volumes will be made available to councillors, there are few mentions of safety.

It fails to address issues such as safety procedures to follow in the event of an accident and lacks any contingency plan or evacuation procedure.

Nor does it make specific recommendations on any of these issues, which have become the cornerstone of the current nuclear debate.

Instead, safety for the plant is simply cited as the responsibility of the joint venture company in charge of the project, the Guangdong Nuclear Power Joint Venture Company and the Chinese Government.

Because Daya Bay had yet to be chosen as the site of the plant when the study was completed in 1980, reference is made throughout the more general term, the Guangdong nuclear power station.

On safety, the report says: "The safety standards adopted will be those appropriate to the Guangdong nuclear power station.

"These will include existing regulations related to Chinese fossil-fuelled power stations, the Environmental Protection Law (draft) and the radiation protection regulations of the People's Republic of China.

"In addition, safety standards for the design, construction and operation of the nuclear power plant in Guangdong will be formulated in the light of relevant experience in other countries."

The report adds that the joint utility is to take charge of the plant's safety under the "guidance and inspection of the relevant authorities of the People's Republic of China".

Despite the failure to be specific about the course of its safety program, the report does acknowledge that "because of the participation of China Light and Power and the Guangdong Power Company in the project, it is important to give sufficient consideration to the concerns about nuclear power plant safety expressed in Hong Kong and Guangdong."

However, sources last night indicated that, because the report was completed before the design of the plant was decided upon, it would have been difficult to draft contingency plans.

The report, which is otherwise highly technical, is likely to go over the heads of most legislative councillors because of the detail paid to statistical and geological information.

Nevertheless, its release comes at a time when councillors have been pressing for more information about Daya Bay in the face of mounting opposition to the plant, which is to be built only 50 kilometres from Hong Kong.

In what is seen as an attempt to allay fears from the safety and commercial viability of the plant, pressure was applied by the Government on the Hong Kong Nuclear Investment Company, the Hong Kong partner in the joint venture to release the study.

The report should be ready for distribution to councillors tomorrow. However, it is expected to fall well short of expectations.

This is because, not only is information relating to safety far from detailed, but a separate and vital report dealing with the economic viability of the plant is being withheld.

What councillors will get instead, is a series of reports consisting largely of charts, graphs and maps as well as detailed technical data.

Another factor that will disappoint councillors is that the report is based on studies completed six years ago. Completed in December 1980, it offers options and no hard and fast recommendations in areas like equipment or station design.

The three studies to be handed over to councillors will cover system designs, equipment study and site selection.

The last study has been broken into three volumes and includes two separate site selection studies as well as an appendix. The initial site selection study was completed in 1980, but replaced by a second study carried out two years later.

This was because two of the sites around Daya Bay, at Thun Yang and Pong Shan, which were seen as feasible during the earlier study, had been shelved.

The reasons given had nothing to do with geological considerations, but because "both Thun Yang and Pong Shan were at variance with the development of Shenzhen and national construction."

There are also indications in the report that Beijing felt the "seismic and geological work initially carried out was insufficient in detail and scope".

The report also reveals that in January 1981 the Joint Selection Committee of the Guangdong Power Company and China Light and Power looked into the feasibility of building a plant at Mirs Bay near Hong Kong.

It found that Mirs Bay was not only suitable, but situated in a stable geological location and considered safe. However, the proposal was rejected by China Light and Power because of concern that it was too close to Hong Kong.

Another site at Xia Sha, although suitable, was also turned down because it faced Peng Chau Island.

As a result, it concluded that Daya Bay (or Da Keng as it is called in the report) was the "most suitable, Ling Jiao Shi was the next most suitable, while there were problems in Xia Sha."

The sites at Ling Ao, and Chang Xui Jiao were rejected because of their proximity to geological fault lines.

The report, which has been vetted by Chinese authorities, will have some parts censured as state secrets with a note in the front of each volume explaining why certain parts have been excluded.

What councillors won't get to see include maps, diagrams and charts.

These will be blacked out with the wording "PRC state secret. No authority to reproduce" slashed across the page.

In agreeing to release the report, Beijing has indicated that it does not wish to make public parts of the report which contain material that is considered either senditive commercially or strategically important to the country.

It is believed the latter covers details of mineral and metallurgical reserves in southern Guangdong.

Censured completely will be what are considered the two most controversial studies in the feasibility study.

These include the summary and economic reports, which contain all the commercial information relevant to Daya Bay such as the projected price of nuclear fuel as opposed to conventional fuel costs and equipment cost breakdowns.

Without these reports, it is unlikely that an assessment can be made on the commercial viability of the project at a time when power produced by conventional means is looking increasingly attractive due to low fuel costs, although projections are that they will rise by the time the plant comes on stream in 1992.

The safety assessment of Daya Bay is contained in the 67-page volume on equipment safety.

Also included are assessments of different types of reactors, and turbine generators as well as quality assurance procedures, decommissioning of the plant and the treatment of effluent.

On the crucial issue of the type of reactor to be used at Daya Bay, the report says that the final choice will be made "on economic, political or contractual grounds and not technical grounds."

One of the most technical reports in the series is on system design. The report examines unit and station capacity for generating power as well as the types of transmission networks for connection of the station and the principles of system operations and dispatch.

The feasibility study was commissioned by the Guangdong Nuclear Power Joint Venture Company, which is owned 75 per cent by the Guangdong Nuclear Investment Company and 25 per cent by the Hong Kong Nuclear Investment Company, a subsidary of Hong Kong's largest power utility, China Light and Power.

When contacted by the SUNDAY MORNING POST yesterday, the Secretary for Economic Services, Mr John Yaxley, declined to comment on the contents of the report.

However, he did confirm that it would be released to Legislative Councillors tomorrow and that two of the five volumes would be withheld.

"Things like geographical features don't change, but the commercial aspects do. I have no doubt th at the two companies and the joint venture company are looking at revised financial projections," he said.

A decision has yet to be made on whether the feasibility study will be made available to the public, although it is likely to be released to the news media once councillors have had a chance to read through each of the telephone directory-size reports.

Waste Facilities Planned

HK270448 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 27 Jul 86 p 2

[Text] China has no storage facilities for the disposal of nuclear waste.

This was one of the findings of the feasibility study conducted on Daya Bay when it was still in the concept stage.

However, the study makes it clear that provisions would have to be made to build special facilities for nuclear waste once the project was under way.

This is one of the few recommendations to be found in the study which says that a storage building should be built to accommodate any waste that has accumulated after the plant has been in operation for 10 years.

Another recommendation is that a fund should be set aside for decommissioning the plant, should the Chinese decide the plant be scrapped or a nuclear accident render it uneconomic to repair.

If this were to happen, the study suggests that decommissioning of the plant occur in three stages.

The first would take up to three years to complete once the place was totally shut down and involve measures to ensure contamination was reduced.

The second would take up to 10 years and involve reducing the size of the operational side of the plant to a minimum.

The third and final stage could take as much as 100 years to complete because it involves the delicate problem of reducing the effectiveness of highly radioactive substances because of their long half-life.

However, apart from these suggestions, there is no indication in the report how such procedures can be carried out.

One of the problems plaguing any meaningful analysis of the feasibility study to look into whether a nuclear plant would be viable in Daya Bay, which is the context in which the study was undertaken.

Since the report was completed, the Chinese have undertaken to conduct a new study and have hired Electride de France (EDF), the French concern responsible for Daya Bay's overall engineering design.

FBIS DAILY REPORT
CONTENTS

China

Vol I No 145 29 July 1986

PRC INTERNATIONAL AFFAIRS

UNITED STATES

PRC Hopes To Boost Commodity Exports to U.S. [RENMIN RIBAO OVERSEAS EDITION 28 Jul] B 1
Regan Remarks on South Africa Policy Condemned [RENMIN RIBAO 25 Jul] B 1

SOVIET UNION

TA KUNG PAO on Gorbachev's Vladivostok Speech [29 Jul] C 1
PRC 'Studying' Speech [AFP] C 2
PRC, USSR To Exchange Economic, Trade Exhibitions C 3
PRC Workers Delegation Ends Visit to Moscow C 3
USSR Arms Control Official Karpov Visits Beijing C 3

NORTHEAST ASIA

PRC Sources Denounce Fujio Remarks on Textbook [KYODO] D 1
PRC Export Commodity Exhibit Opens in Tokyo D 1
Paper Urges Work Toward More Business With Japan D 2
First PRC-Japanese Scientific Balloon Successful D 2
21st Century PRC-Japan Friendship Society Meets D 3
RENMIN RIBAO Commentary on New Japanese Cabinet [24 Jul] D 3
DPRK To Continue Efforts To Cohost Olympics D 4

SOUTH ASIA

Indian Vice President Cited on Nuclear Power F 1
India Sets Up Control Center for Satellites F 1

WESTERN EUROPE

XINHUA Analysis Views Turkey's Ozal in Moscow G 1
Commentary on Britain's South Africa Policy [RENMIN RIBAO 23 Jul] G 2

MIDDLE EAST & AFRICA

Zhao Ziyang Sends Message to OAU Summit I 1
Wu Xueqian Talks With Lebanon's Fu'ad al-Turk I 1
Hu Qili Attends Charity Performance for Africa I 2
Meeting of Moroccan, Israeli Leaders Analyzed I 3
Seen as Bold Step I 4

PRC NATIONAL AFFAIRS

PLA Aids Peace, Economic Progress Despite Cuts [BEIJING REVIEW 28 Jul] K 1
Reform Efforts Bring Changes to Armed Forces K 2
PLA Accelerates Dual-Purpose Training System K 4
PLA Air Force Improves Technical Training K 5
PLA Engineering Corps Uses Modern Equipment K 6
PLA Helps With Henan, Shandong Projects K 6
CYL Organs Restructured Under PLA Departments K 7
Soldiers in Remote Areas Get College Education K 7
Culture Minister Wang Meng Discusses New Novel [CHINA DAILY 28 Jul] K 8
Culture Minister, Vice Ministers Profiled [RENMIN RIBAO OVERSEAS EDITION 21 Jul] K 10
Beijing Disciplines Erring Party Members [CHINA DAILY 28 Jul] K 11
Trial Judge Expelled From CPC for Taking Bribes [AFP] K 12
RENMIN RIBAO on Party Style, Leadership [25 Jul] K 12
RENMIN RIBAO on Communist, Socialist Practice [21 Jul] K 13
Article on Modernization, Democracy Reprinted K 20
  Editorial Note [SHIJIE JINGJI DAOBAO 2 Jun] K 20
  Li Honglin Article [SHIJIE JINGJI DAOBAO 2 Jun] K 20
Majority of Graduates Assigned by State [CHINA DAILY 23 Jul] K 29

PRC REGIONAL AFFAIRS

EAST REGION

Anhui Military Leaders Visit Flood-Hit Areas O 1
Jiangsu Military District Marks Army Day O 1
Rui Xingwen on Shanghai Garrison Rectification O 1
Zhejiang's Wang Fang Inspects Nuclear Plant O 2

CENTRAL-SOUTH REGION

Guangdong Vice Governor Reports on Typhoon Damage P 1
Guangxi Secretary Calls for Improved Party Style P 1
Henan Secretary Views Economic Problems P 2
Hunan Makes 'Major Amendments' to Plan P 3
  People's Congress Meeting Concludes P 4

NORTH REGION

Wan Li Commemorates 10th Earthquake Anniversary R 1
  Unveils Tianjin Monument R 1
  Attends Tangshan Ceremonies R 1
Tangshan Secretary Interviewed on Economic Aims R 2
Tianjin Secretary at Meeting on Civilization R 2

TAIWAN

Commentary Condones Limiting Protectionism V 1
KMT Group Studies Martial Law, Other Issues V 2
[LIEN HO PAO 20 Jul]
Import Tariffs To Be Reduced on High-Rate Goods V 3
Taiwan Criticizes Communist-Portugal Macao Talks V 3

HONG KONG MEDIA ON CHINA

Further Reportage on Daya Bay Nuclear Plant W 1
  Delegates Meet XINHUA Officials W 1
  [SUNDAY STANDARD 27 Jul]
  Plant Study Termed 'Useless' W 1
  [SOUTH CHINA MORNING POST 28 Jul]
BOC Official on Abolishing Exchange Certificates W 3
[TA KUNG PAO 26 Jul]

PRC HOPES TO BOOST COMMODITY EXPORTS TO U.S.

HK281028 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 28 Jul 86 p 3

[Report from JINGJI XINXI BAO: "Nine Categories of Commodities China Hopes To Boost Exports to the United States"]

[Text] At a recent "Symposium on China-U.S. Trade," which was sponsored by Guangdong Province's Research Institute for Foreign Economic Relations and Trade Development as well as Guangzhou City's Society of Foreign Economic Relations and Trade, some U.S. experts held that Mainland China has great potential in exporting goods to the U.S. market, particularly in nine categories. The experts included (cohen) [ke en 2688 1869], former dean of Harvard University's Faculty of Law in the United States and chairman of the New York-Beijing Friendship Committee. The nine categories are:

First, petroleum and oil products: The oil price of the present international market is weak, but the market will be improved in the long run. Over the years, Mainland China greatly increased its export of oil and oil products. It is expected that the increase will be continued. In addition, the Americans presently do not lay great stress on conserving oil. On the other hand, within the next 1 or 2 years, the United States will need more energy in the wake of the continuous growth of industrial production, which is favorable for China's export oil.

Second, nonferrous metals and rare-mineral products: The United States mainly imports these products from Africa and South America. But since the political situation of some of these areas are unstable, China may take this opportunity to develop the U.S. market.

Third, ordinary machine tools: China maintains a stable production of machine tools. Moreover, the products are in good quality and are offered at reasonable prices. On the other hand, the U.S. manufacturers are gradually withdrawing from this production area, though there is still a market demand.

Fourth, hand tools: China shares quite a large market in the United States in terms of its cheap but quality hand tools. Recently, the service charges of the U.S. service industry have been on the rise, so that the consumers now prefer to repair their electric home appliances by themselves. Also, the U.S. made hand tools are so expensive that the Americans prefer the China made products.

Fifth, non-advanced scientific instruments: China's ordinary microscope and other instruments can find a market among the U.S. senior secondary schools and universities, and this can be achieved with great competitiveness.

Sixth, computer software: China's knowledge about computers is by no means backward. It may concentrate its efforts on developing software so that the products can enter the U.S. market.

Seventh, silk: Mainland China carries the tradition of producing silk but exports only a small quantity of processed garments. China may gradually understand the demand of the U.S. market and increase its export of silk garments to the United States.

Eighth, food and drinks with local flavors: There is a great potential in these products' development in the U.S. market. But they will be subject to the restrictions of the food and drug administration. It is hoped that the restrictions will be reduced in the wake of development in the two countries' relations. Now, China's bean curd, Qingdao beer and so on are available in the U.S. market. It is also hoped that China will share some market in selling other brands of beer, vegetable and food.

Ninth, handicraft articles: Mainland China has sold a large quantity of handicraft articles to the United States. But the sales distribution network is not wide enough. As the development trend of the U.S. consumers change very quickly, China should pay close attention to studying the consumption trends in the handicraft article market, and keep abreast of the market development, so as to further expand its exports.

REGAN REMARKS ON SOUTH AFRICA POLICY CONDEMNED

HK281118 Beijing RENMIN RIBAO in Chinese 25 Jul 86 p 7

["Jottings" by Chen Feng "Regan's 'Witty Remarks'"]

[Text] President Reagan delivered a policy speech to the Congress on 22 July. He maintained that the U.S. Government opposed any economic sanctions against the South African regime, saying that economic sanctions were "disgusting." His remarks have disappointed world opinion and made it feel resentful.

What was beyond expectations was "arguments" put forth by Regan, chief of the White House staff, to defend the U.S. policy. He said that if all-round economic sanctions were imposed on South Africa, the American women would no longer get jewels and diamonds produced by South Africa.

This was the second witty remark uttered by Mr. Regan within a year on American women and politics. When the American-Soviet summit meeting was held in November last year, he said that women were more interested in the dresses of Mrs. Gorbachev and Mrs. Reagan than the throw weight of rockets.

Of course, in the United States a number of women have paid more attention to dressing and make up than to politics. Regan's aim of uttering his "witty remarks" was to make use of such a mentality to divert people's attention from political issues to other things, so that women, who are fond of diamonds, jewels and gold, will support the policy of the government.

Retorting Regan's "witty remarks" uttered on the two occasions, O'Neil, speaker of the U.S. House of Representatives, said: According to Regan's views, women know nothing about apartheid in South Africa and the throw weight of rockets. They only know diamonds. How many people have died in order that these women can get their diamonds?

We do not know whether the American women have appreciated the "special attention" given to them by Regan. However, it seems that they are not so easily deceived as people expect. What has embarrassed Mr. Regan is that (Eleanor Smeal), president of the American National Organization of Women, criticized him: "He is surely one of the most ignorant and incompetent men in the United States."

TA KUNG PAO ON GORBACHEV'S VLADIVOSTOK SPEECH

HK290059 Hong Kong TA KUNG PAO in Chinese 29 Jul 86 p 2

["Political Talk" column by Shih Chun-yu: "Gorbachev's Vladivostok Speech"]

[Text] Troop Withdrawal From Afghanistan by Year-End

CPSU General Secretary Gorbachev made a speech in Vladivostok yesterday in which he dwelt on the Soviet Union's policies toward the Asia-Pacific region. The following three points attracted attention: The Soviet Union announced that it will undertake a phased troop withdrawal from Afghanistan, first withdrawing 6 regiments (6,000 to 8,000 men) before the end of this year.

Second, Gorbachev announced that the Soviet authorities are currently holding discussions with the Mongolian authorities on a "fairly large partial troop withdrawal" from Mongolia.

Third, Gorbachev spoke on relations with China. He said: The Soviet Union is willing to hold the most earnest discussions with China at any time and at any level on supplementary measures for establishing good-neighborly relations.

Advocating Abolition of Foreign Bases

Of course, Gorbachev could not fail to mention policy toward the United States. Apart from emphasizing the holding of a Soviet-U.S. summit this year and speeding up the disarmament talks, he pointed out that the Soviet Union advocates the dismantling of military blocs in the Asia-Pacific region, abolishing foreign military bases, and withdrawing troops from the territory of others.

This speech certainly caught the world's attention because it touched on the Afghanistan situation and also on the Soviet Union's relations with the United States, China, and Japan.

At any rate, two of the "three big obstacles" to the normalization of Sino-Soviet relations -- obstacles that China has consistently mentioned -- were touched on in this speech: Withdrawal of troops from Afghanistan and an easing of the situation on the Sino-Mongolian border. As for the other obstacle, China hopes that the Soviet Union will influence Vietnam to withdraw its forces from Cambodia. According to a XINHUA report from Moscow yesterday, "Vietnamese leader Truong Chinh arrived in the Soviet Union for a vacation on 26 July." This allows people to think about whether during this "vacation" the Soviet leaders might discuss the questions of Vietnamese military occupation of Cambodia and Soviet military support for Vietnam.

Cautious International Reaction

Foreign news agencies yesterday raced each other to file Gorbachev's speech, but reactions to it have been rather cautious. No matter what, the Soviet announcement of troop withdrawal from Afghanistan would be the first step in cooling down the "hot war" in that region. However, the Soviet Union has also laid down preconditions, stressing that "so long as a complete political solution method is formulated, the Soviet Union may correspondingly speed up the process to the extent of complete military withdrawal. If intervention in Afghanistan continues, the Soviet Union will not simply ignore the calamities suffered by a neighboring state.

Such a precondition remains beyond doubt the obstacle to a political settlement of the Afghan problem. To achieve peace in Afghanistan and Cambodia, it is first necessary to carry out an unconditional withdrawal of foreign troops, and then seek a political settlement through the appropriate means.

A Soviet troop withdrawal from the Mongolian border is a demand that China has put forward many times. How can peaceful and good-neighborly relations be established if tanks and missiles are pointed at the other party's throat?

The Tashkent Speech of 4 Years Ago

At present Sino-Soviet relations in the fields of economic, cultural, scientific and technological exchange, and so on are indeed much better than in the past. The Chinese commodity exhibition now being held in Moscow is the first such since 1953, 33 years ago. This shows that Sino-Soviet relations have been improving in recent years.

More than 4 years ago, the late CPSU leader Brezhnev made a speech in Tashkent in Central Asia, not far from the Chinese border. In this speech he announced that he wanted to improve relations with China. More than 4 years later, Gorbachev has spoken in Vladivostok. Practical deeds are the important thing. However, has Soviet policy evolved somewhat between the Tashkent and Vladivostok speeches? This is indeed a trend that demands attention.

PRC 'Studying' Speech

HK290927 Hong Kong AFP in English 0851 GMT 29 Jul 86

[By Pierre-Antoine Donnet]

[Excerpt] Beijing, July 29 (AFP) -- Beijing is likely to interpret Soviet leader Mikhail Gorbachev's overtures Monday to China and other countries in the Asia-Pacific region as a threat to its own efforts to set up a zone of influence in the area, Western diplomats here said Tuesday.

China has not yet officially commented on the Soviet leader's statement, but one diplomat here who asked not to be identified said Chinese officials would probably see in Mr Gorbachev's words "a continuation of the diplomatic offenseive he has undertaken since coming to power" last year.

A Foreign Ministry spokesman here would only say: "We are studying the speech made by Mr Gorbachev."

The Soviet leader, in a speech in Vladivostok Monday, said relations between Beijing and Moscow had taken "a turn for the better," and that the Soviet Union was interested in "developing its links with Idonesia, Australia, New Zealand, the Philippines, Thailand, Malaysia, Singapore, Burma, Sri Lanka and other states."

He also offered to reduce the number of Soviet troops in Mongolia and promised to pull back by the end of this year 8,000 soldiers stationed in Afghanistan.

PRC, USSR TO EXCHANGE ECONOMIC, TRADE EXHIBITIONS

OW281942 Beijing XINHUA in English 1811 GMT 28 Jul 86

[Text] Moscow, July 28 (XINHUA) -- China and the Soviet Union will exchange economic and trade exhibitions during the next five years as part of the expansion of the two countries' economic and trade relations. An agreement to this effect was signed here today by Jia Shi, chairman of the China Council for Promotion of International Trade, and Yevgeniy Pitovranov, chairman of the Soviet Board of Chamber of Commerce and Industry.

Jia arrived in Moscow on July 21 as head of a Chinese delegation to attend the Chinese economic and trade exhibition. During the exhibition, Jia held talks with heads of Soviet economic departments and officials in charge of state science and technology.

PRC WORKERS DELEGATION ENDS VISIT TO MOSCOW

OW281940 Beijing XINHUA in English 1810 GMT 28 Jul 86

[Text] Moscow, July 28 (XINHUA) -- A Chinese workers' union delegation ended its visit here today -- the first such visit in 20 years. The delegation, headed by Chinese Machinery Metallurgical Workers' Union chairman Zhang Cunen, toured Moscow, Leningrad and other cities during its two-week visit. The Chinese delegation arrived here on July 13 and leaves for home today.

USSR ARMS CONTROL OFFICIAL KARPOV VISITS BEIJING

OW251202 Beijing XINHUA in English 1125 GMT 25 Jul 86

[Text] Beijing, July 25 (XINHUA) -- V.P. Karpov, director of the Bureau of Arms Limitation and Disarmament in the Soviet Ministry of Foreign Affairs, left here for home today after a four-day stay in Beijing as guest of the Soviet Embassy in China.

While in Beijing, Karpov was entertained at a dinner given by Chinese Vice-Foreign Minister Zhou Nan and exchanged views on the issue of disaramament with Li Daoyu, director of the International Organizations Department in the Ministry of Foreign Affairs.

PRC SOURCES DENOUNCE FUJIO REMARKS ON TEXTBOOK

OW281415 Tokyo KYODO in English 1328 GMT 28 Jul 86

[Text] Beijing, July 28 KYODO -- A Chinese Government authoritative source here Monday denounced a recent controversial remark by Japanese Education Minister Masayuki Fujio as "violent language which is extremely unsatisfactory." The source said that the Chinese Government was still studying the Fujio remark and awaiting an official explanation from Japan. Another Chinese source well versed in Sino-Japanese relations commented that the remark by Fujio indicates the newly-appointed minister shows no regret over the recent textbook problem.

The Japanese textbook, prepared by a revivalist group known as the National Council for the Defense of Japan, went through a series of three unprecedented screenings between May and July, after Education Ministry textbook reviewers had approved the textbook for use in Japanese schools beginning next spring.

When news surfaced in early June that the textbook contained passages which allegedly attempted to gloss over Japanese wartime actions in Asia, protests from China and South Korea were raised and the Japanese Government ordered rechecks of controversial sections in the book. As recently as July 16, a Chinese Foreign Ministry spokesman had commented that the Chinese Government was still not satisfied with the cooperation of Japan over the textbook problem.

The Japanese daily SANKEI SHIMBUN quoted Fujio in a press conference last Friday as having suggested that the same "guys" who have been complaining (about Japanese Government approval of the history textbook) were also guity (of acts of aggression) in world history.

The article has since fueled controversy in China and South Korea, threatening to develop into another possible diplomatic incident over the textbook. Fujio, however, told reporters Monday that the remark was quoted out of context.

PRC EXPORT COMMODITY EXHIBIT OPENS IN TOKYO

OW281346 Beijing XINHUA in English 1340 GMT 28 Jul 86

[Text] Tokyo, July 28 (XINHUA) -- A Chinese export commodity exhibition, the largest of its kind held by China in Japan in recent years, opened today in Tokyo's Ikebukuro sunshine city. More than 500 people include businessmen, economists and embassy officials from Asian, European, African and Latin American nations attended the opening ceremony. The fair is held jointly by the China Council for Promotion of International Trade and the Japan External Trade Organization.

Both Chinese and Japanese officials expressed in their speeches at the opening ceremony the hope to expand the trade relations between the two countries through the exhibition. They expected the question of trade imbalance between the two countries to be solved.

Participating in the exhibition are 111 companies from 24 provinces, cities and autonomous regions of China. On display are handicrafts, ceramics, local specialities, foodstuffs, oils, fabrics, fibers, chemicals, medicines, metals and minerals. The exhibtion will end on August 10.

PAPER URGES WORK TOWARD MORE BUSINESS WITH JAPAN

OW281705 Beijing XINHUA in English 1421 GMT 28 Jul 86

[Text] Beijing, July 28 (XINHUA) -- Foreign trade officials have been again urged to discuss how to increase exports to Japan to reduce the country's deficit in Sino-Japanese trade. Such deficit, according to today's "INTERNATIONAL BUSINESS," are now "unbearable to China."

Efforts by both countries are needed to solve the problem, said the paper. "There have been indications from Japan that it is willing to cooperate with China to buy more Chinese goods," the paper said. "It is our hope that this will become a reality as quickly as possible."

Chinese departments of economy, science and technology as well as production units on their own part should all deepen their understanding of the need to increase China's exports to Japan, said the Foreign Economic Relations and Trade Ministry paper. The paper attributed the deficits in China's trade with Japan to the difficulties for goods of any foreign country to enter the Japanese market -- a fact known thoughout the world.

Primary products account for the bulk of China's exports to Japan, which in return sells manufactured goods to China -- the price differential thus being in favor of Japan. Nevertheless, the paper said, it is highly possible for China to improve this situation by increasing its exports to Japan.

Here is the paper's explanation:

China has abundant resources of energy and nonferrous metals, which Japan badly needs. Its reserves of granite, marble and other building materials, which Japan also needs for its own construction, are "inexhaustible."

In addition, the paper said, the Japanese market demand is "great" for agricultural and sideline produce, light and texitle products, food, and arts and crafts articles.

While export potential does exisit, the paper said, what is crucial to China is an effort to learn every detail of the Japanese market and of the demand of the Japanese buyer for the quality, variety and packaging of foreign goods.

The recent revaluation of the Japanese yen and the devaluation of the exchange rates between the "renminbi" and world currencies are also favorable to China's exports to Japan.

The paper called attention to efforts made by Southeast Asian countries to expand their exports and attract investment by taking advantage of the yen's revaluation. "China, too, must try to use this opportunity," the paper said.

FIRST PRC-JAPANESE SCIENTIFIC BALLOON SUCCESSFUL

OW261720 Beijing XINHUA in English 1429 GMT 26 Jul 86

[Text] Shanghai, July 26 (XINHUA) -- The first Sino-Japanese high-altitude scientific balloon has successfully flown from Japan to China across the 1,000-kilometer East China Sea.

The 172-kilogram balloon, traced by radar and operated by remote sensing, left Kagoshima, Japan, at about six o'clock in the morning, July 25, flying with a westerly air current at an altitude of 25,000 meters, and arrived over Hangzhou Bay in Zhejiang Province at midnight that day. Early this morning, the basket was cut from the ballon and landed at a village in Zhejiang Province.

All the Chinese and Japanese instruments and equipment in the basket attached to the 5,000-cubic meter balloon worked perfectly.

The flight marked the beginning of a three-year trans-ocean flying experiment sponsored by the Shanghai Observatory attached to the Chinese Academy of Sciences, the Beijing Space Science and Technological Center, the Zijinshan Observatory, and Japan's Institute of Space and Astronautical Science.

The second flight is scheduled for July 29 or 30, according to a scientist from Shanghai who is participating in the experiment. "The aim is to carry out space observation, high-energy physics experiments and infrared astronomy," he said.

21ST CENTURY PRC-JAPAN FRIENDSHIP SOCIETY MEETS

OW281714 Beijing XINHUA in English 1456 GMT 28 Jul 86

[Text] Beijing, July 28 (XINHUA) -- A special subcommittee under the 21st Century Committee for China-Japan Friendship had a meeting today and last Saturday to make preparations for the third plenary session of the committee, which is scheduled to be held in Japan in September. Attending the meeting were China's member of the committee Fu Hao, Zhang Xiangshan, Japan's member of the committee Koyama Kemichi, and experts from both sides.

Koyama Kemichi and his party laid a wreath at the Monument to the People's Heroes at the Tiananmen Square this morning. Koyama told his Chinese colleagues that he did so to cherish the memory of China's revolutionary martyrs with an aspiration for peace and friendship between Japanese and Chinese peoples from generation to generation.

RENMIN RIBAO COMMENTARY ON NEW JAPANESE CABINET

HK280016 Beijing RENMIN RIBAO in Chinese 24 Jul 86 p 6

[Commentary by reporter Sun Dongmin "Nakasone's New Structure and the Political Situation in Japan"]

[Excerpts] With the support of both houses and an overwhelming triumph in the election, Prime Minister Nakasone made his third cabinet changes and reshuffles in the personnel of the Liberal Democratic Party at extraordinary speed on 22 July. The Nakasone administration has made a new step forward amid the changes of the political situation.

In a news conference held today (23 July), Prime Minister Nakasone said that his newly formed third cabinet will be a "powerful one that will deal with concrete matters." The personnel arrangement of the cabinet and the party is based on the principle of "appointing solely Liberal Democratic Party members," in order to promote the replacement of the old by the new, the three new party leaders are all appointed to important posts, and the new cabinet will exert its utmost to realize the promises made to the constituents during the election. Public opinion believes that Nakasone's series of personnel rearrangements demonstrates that the new Nakasone structure aims to lay new tracks to prolong the party's term of office. [passage omitted]

Third Nakasone cabinet flaunts the implementation of "steady and down-to-earth politics" and continuing the line of "setting a final account of the postwar politics," and the tasks confronting it "have piled up like a mountain." Just as Prime Minister Nakasone said at the news conference, Japan will give top priority to relaxing the economic friction with the United States as the center in international relations, and carry out the operation plan for action in opening the domestic market, which has already been proposed, so as to ease the international pressure. Domestically, it will do its best to include administrative, financial, and education reforms on the concrete tracks. [passage omitted]

Public opinion believes that although the third Nakasone cabinet has smoothly taken its first step, its prospects may not be necessarily bright. From now on, the Japanese political situation will focus on whether Prime Minister Nakasone will remain in office after his term is fulfilled. Looking at the present conditions, the voice inside the Liberal Democratic Party for Nakasone to remain in office after the fulfillment of his term is growing stronger with each passing day. However, the three new party leaders, who have set their eyes on the next government, differ on whether it should be a short-term or a long-term prolonging of office. Moreover, the sectarian forces within the party will undergo a reorganization; therefore, the trends of the three new leaders and what policy Nakasone will adopt will have a direct bearing on the evolution of the political situation, which will bring complicated factors to whether Nakasone will prolong his office.

DPRK TO CONTINUE EFFORTS TO COHOST OLYMPICS

OW281206 Beijing XINHUA in English 0734 GMT 28 Jul 86

[Text] Pyongyang, July 28 (XINHUA) -- Kim Tok-chun, vice-chairman of the Physical Culture and Sports Guidance Committee of the Democratic People's Republic of Korea, said recently that the D.P.R.K. would continue their efforts for the co-hosting of the 24th Olympic Games.

Writing in the monthly magazine "KULLOJA", Kim Tok-chun said the co-hosting of the 1988 Olympic Games would help avoid the "non-participation by group or groups of countries" in the games. He said that three meetings had been held between the two sides of Korea between last October and June this year under the auspices of the International Olympic Committee, but no agreement had been reached.

When the jointly hosting of the Olympics is realized, he stressed, the sports personal and people of the two sides as well as athletes and tourists of other countries could go freely between the North and the South, and will also create very favorable conditions for the easing of the tension on the Korean peninsula, the safeguard of peace and the peaceful unification of Korea.

INDIAN VICE PRESIDENT CITED ON NUCLEAR POWER

OW261711 Beijing XINHUA in English 1537 GMT 26 Jul 86

[Text] New Delhi, July 26 (XINHUA) -- Indian Vice-President Ramaswami Venkataraman said today that India would continue to tap nuclear power potential despite the accident at the Chernobyl nuclear power plant in the Soviet Union. Speaking at the Atomic Research Center in Kalpakkam, he said that although it was argued that nuclear power was costlier and that the gestation period for erecting these plants was longer, "the social cost resulting from absence of power was many times more than the cost of nuclear power."

At present India has three nuclear power plants located in the states of Rajasthan, Maharashtra and Tamil Nadu with a total power generation capacity of 1,273 megawatts. New nuclear power stations are under construction in various parts of the country. India plans to achieve a target of nuclear power capacity of 10,000 mws by the year 2000.

Referring to the power needs in the country, the vice-president said the planned installed capacity by the turn of the century would be around 100,000 to 120,000 mws and this could be achieved only if hydro, thermal and nuclear energies were fully exploited.

Venkataraman noted there are pockets in the country which have neither hydro-potential nor coal or natural gas. "Obviously, in those areas the cost of nuclear power would be cheaper than from other sources," he said. With the setting up of the facility of fast breeder reactors, the nuclear power stations are bound to take an important place in the national power planning, he said.

A 100-mw natural uranium reactor named "Dhruva" was commissioned last August at the Bhabha Atomic Research Center in Bombay. According to Minister of State for Science and Technology Shivraj V. Patil, a new faster breeder test reactor is being set up in Kalpakkam.

INDIA SETS UP CONTROL CENTER FOR SATELLITES

OW281038 Beijing XINHUA in English 1019 GMT 28 Jul 86

[Text] New Delhi, July 28 (XINHUA) -- India's Department of Space is setting up a satellite control center in Bangalore for tracking low earth orbit satellites, the local press reported today.

Dr. P.H. Jayaraman, deputy director of India's Middle Atmosphere Program, said that the new center is expected to be operational by next year. It would be used for tracking, telemetering and controlling low earth orbit satellites such as the Rohini series. The new center would be connected with all the ground stations in the country and abroad, initially through microwave links and later via satellite, Jayaraman added.

Meanwhile, he said the augmented satellite launch vehicle, the country's second generation launch vehicle, is likely to be launched from the Shriharikota high altitude range center in October this year. The 30-tonne vehicle will place into orbit the first low earth orbit satellite in the stretched Rohini satellite series.

XINHUA ANALYSIS VIEWS TURKEY'S OZAL IN MOSCOW

OW281056 Beijing XINHUA in English 0708 GMT 28 Jul 86

["News analysis: Turkish Prime Minister's Visit to Moscow -- A Tough Mission (by Qian Wenrong)" -- XINHUA headline]

[Text] Istanbul, July 28 (XINHUA) -- The visit by Turkish Prime Minister Turgut Ozal to Moscow which begins today has drawn attention from home and abroad. Ozal's talks with the Soviet leaders, according to local press reports, will focus on what they called "thorny problems" such as the Cyprus issue, the problem of the Turkish minority in Bulgaria and the problem of a Bulgarian Turk who has sought asylum in the Turkish Embassy in Moscow.

Just recently, two senior Soviet officials, Deputy Chairman of the International Relations Council of the Soviet Communist Party Central Committee Constantin Kornienco and Deputy Foreign Minister Longinov, visited Greece and Cyprus. Furthermore, the Soviet Union announced on July 20 that it will not recognize "the Turkish Republic of Northern Cyprus" and will continue to accept the Greek Cypriots' Government headed by Spyros Kyprianou as the sole legitimate government of Cyprus. It has also put forward a new peace plan for Cyprus, calling for an international conference and for a complete demilitarization of the divided island. All these moves have been regarded by the Turkish opinion as a "full Soviet support" for Greece and Greek Cypriots as well as a pressure put on Turkey before Ozal's visit.

The "TURKISH DAILY NEWS" quoted Turkish officials as saying that "the increasing Soviet concern over Cyprus stems from Kremlin's belief that the British bases on the island, which are often used by the United States, are a threat to the Soviet interests in the region." But, observers here noted that Turkey is most likely not to accept the Soviet new proposal on the Cyprus issue.

In his latest interview with the Italian weekly "PANORAMA," Ozal declared that there could be no unified solution to the Cyprus issue "unless the international community recognizes the Turkish Republic of Northern Cyprus politically equal to the Greek Cypriots' Republic in the south of the island."

The problem of the Turkish minority in Bulgaria is another "sensitive" and "crucial" issue. According to Turkish press reports, the Bulgarian Government launched a campaign from December 1984 to March 1985 to force 1.5 million Muslim Turks living in Bulgaria to change their Turkish Muslim names into Slavic names, which was condemned by Turkey as an ethnic assimilation practice. The Bulgarian authorities have rejected Turkey's accusation and argued that the name changes were "voluntary." During his visit, Ozal is expected to ask the Soviet Union to influence the Bulgarian Government to change its policy toward the ethnic Turkis in Bulgaria. However, up to now, the Soviet Government has not made any move on this issue. Moscow is most likely to tell the visiting Turkish prime minister that it will not interfere in the internal affairs of other countries. But, the Turkish people anxiously hope that their prime minister will at least be able to persuade the Soviet leaders to allow Mustafa Suleymanov, a Bulgarian Turk, to return to Turkey. Suleymanov fled away from Bulgaria to the Soviet Union in 1984 and has been living as a refugee in the Turkish Embassy in Moscow for almost two years. The Soviet authorities have refused to give him an exit visa. Even on this issue, the Turkish press has doubted that the Soviet Union would accept Turkey's demand. On the contrary, the Soviet leaders might once again ask Turkey to reconsider the reported decision of accepting U.S. plans to modernize nuclear storage sites on the Turkish territory.

On July 16, when Soviet Foreign Minister Eduard Shevardnadze was still visiting London, he warned Turkey at a press conference that the Soviet Union was strongly against the move and urged Turkey "to think twice and reconsider the issue." But it seems that Turkey will not change its decision. In a reply to Moscow, the Turkish authorities explained that what is being done is to upgrade and modernize the existing nuclear bases and that Turkey will not allow anyone to store new nuclear weapons on its soil.

The "TURKISH DAILY NEWS" quoted Turkish sources as saying that the recent Soviet officials' remarks and acts on Cyprus and Turkey's nuclear storage have been regarded as a signal of Soviet determination "that it will not shift from its pre-set foreign policy targets," even if the Turkish prime minister is to visit Moscow.

COMMENTARY ON BRITAIN'S SOUTH AFRICA POLICY

HK280905 Beijing RENMIN RIBAO in Chinese 23 Jul 86 p 6

[Commentary by Chen Tean: "Britain's South Africa Policy Is in a Dilemma"]

[Excerpts] Britain's South Africa policy has recently become the focus of controvery. At London's famous Hyde Park, some tens of thousands of demonstrators protested the government's opposition to sanctions against South Africa. During tension-filled debates at the Lower House, the government's South Africa policy was the target of censure and criticism. Within the 49 member strong Commonwealth, Britain is the lone opposition to sanctions against South Africa and is thus criticized by the Commonwealth countries. [passage omitted]

Indeed, Britain's South Africa policy is now of international concern. Under these circumstances, should Britain continue to adhere to its rigid policy of opposition to sanctions against South Africa, or should it seriously consider the sentiments and wishes of the country and of the world community and change its policy? The choices that Britain faces are difficult.

Under the pressure of world opinion, Britain's South Africa policy is not totally unchanged. However, it is neither certain nor determined to make substantial changes. [passage omitted]

Particularly noteworthy is that in a recent visit to Canada, Prime Minister Margaret Thatcher failed to win support on the South African issue. Howe's lobbying among the southern African frontline states was similarly fruitless. On the contrary, the boycott movement against the Commonwealth Games appears to gaining strength. According to reports, this development has led to serious concern from the queen who is titular head of the Commonwealth. [passage omitted]

At the same time, the policy of opposition to sanctions against South Africa does not conform with the wishes of the British people. Opinion polls showed that more than two-thirds of the British public advocate sanctions against South Africa. Moreover, it should be noted that the reactionary policy of the Botha administration in South Africa will inevitably lead to overall violent conflicts. Under such a situation, there are reports which said that Prime Minister M. Thatcher has indicated carrying out "soft sanctions" against South Africa. Obviously, if the British Government could follow the tide, adhere to the people's will, and make changes in its position on sanctions against South Africa, it would no doubt be a sensible move. However, to this day, there are still some people in Britain who rule out the possibility of Britain changing its policy on opposition to sanctions against South Africa, and they hope to "persuade" the South African authorities to end apartheid. Naturally, this is a valid fantasy.

ZHAO ZIYANG SENDS MESSAGE TO OAU SUMMIT

OW290830 Beijing XINHUA in English 0802 GMT 29 Jul 86

[Text] Beijing July 29 (XINHUA) -- Chinese Premier Zhao Ziyang has sent a warm congratulatory message to the 22nd session of the conference of the heads of state and government of the Organization of African Unity (OAU) which opened in Addis Ababa Monday.

The message said that since the last OAU summit African countries have kept on "summing up their experience and exploring roads of development suitable to their respective conditions, scoring gratifying achievements in their great efforts to rejuvenate the African economy".

He expressed his belief that the African people would overcome all kinds of difficulties, fulfill step by step the great historic mission of developing their national economies, improving their livelihood and building their respective nations.

The Chinese premier condemned the South African authorities for undermining peace and stability in southern Africa by reinforcing the racist rule, suppressing the South African people, obstructing the independence of Namibia and invading and harassing neighbouring countries.

He said, "at present, the struggle of the South African people against apartheid and the struggle of the Namibian people for national independence are steadily developing in depth and the appeal of the international community for sanctions against the racist regime in South Africa is becoming ever stronger.

"With the solidarity and support of all justice-upholding countries and peoples in the world, the struggle of the South African people and the African peoples at large against racism and colonialism will continue to make headway until the ultimate realization of the complete liberation of the entire African continent," the message said.

Zhao stressed that China "will, as always, firmly support the African people in their noble cause of safeguarding national independence and revitalizing their economies and the just struggles of the South African and Namibian peoples till their final victory."

WU XUEQIAN TALKS WITH LEBANON'S FU'AD AL-TURK

OW281426 Beijing XINHUA in English 1350 GMT 28 Jul 86

[Text] Beijing, July 28 (XINHUA) -- The Chinese Government supports the Lebanese Government in its efforts to safeguard national independence, sovereignty and territorial integrity, and demands that Israel withdraw all its troops from Lebanon unconditionally.

During a meeting with Fu'ad al-Turk, secretary-general of the Ministry of Foreign Affairs of Lebanon, here today, Chinese State Councillor and Foreign Minister Wu Xueqian said the Chinese Government and people sympathize with the Lebanese people in their present sufferings.

The independence and sovereignty of Lebanon should be fully respected by all parties, Wu said.

Turning to Lebanon's internal situation, he said China hopes that all parties involved will iron out their differences, settle their disputes and restore national unity through peaceful discussions on the basis of the national interest.

He said Sino-Lebanese relations had developed smoothly since the establishment of diplomatic relations between the two countries 15 years ago.

Noting that the two countries hold similar views on the international situation, he expressed the hope that they would develop cooperation in various fields.

Al-Turk thanked China for its sympathy and support for the Lebanese people's just cause, and expressed the belief that his current visit would promote the development of bilateral relations.

He conveyed regards from Lebanese President al-Jumayyil to Chinese President Li Xiannian and invited Wu Xueqian to visit Lebanon at a time convenient to himself. Wu accepted the invitation with pleasure.

After the meeting, Wu answered questions on Sino-Lebanese relations, and the situation in the Middle East and the world as a whole, which were raised by a newsman accompanying al-Turk on the visit.

Al-Turk and his party visited Shanghai, Suzhou and Xian between July 24 and 27. They will leave here for home tomorrow.

HU QILI ATTENDS CHARITY PERFORMANCE FOR AFRICA

OW281933 Beijing XINHUA in English 1734 GMT 28 Jul 86

[Text] Beijing, July 28 (XINHUA) -- A charity performance of cultural and sports programs was held here tonight by China's seven organizations to collect donations for African people affected by calamities.

Hu Qili, member of the Political Bureau and of Secretariat of the Chinese Communist Party Central Committee, attended the performance given by noted singers, dancers and sportmen from China's 11 major cultural and sports establishments, together with 18,000 spectators.

Hu expressed thanks to diplomatic envoys here from African countries for their presence on the occasion during a meeting with them before the performance.

Hu said the charity evening, which was sponsored by the Chinese People's Association for Friendship With Foreign Countries and other mass organizations of athletes, students, cultural workers and Red Cross, demonstrated the unity between Chinese and African peoples.

Hu thanked the African peoples for supporting China in restoring its membership in the United Nations, in struggle against imperialism and colonialism and in its economic development. "We should also learn from the struggling spirit African peoples have showed before the natural disasters," Hu said.

Hu described the unity between China and other Third World countries as a basic factor for China's foreign policy, adding that China will rank among Third World countries forever. Speaking at the beginning of the performance, Zhang Wenjin, president of the Chinese People's Association for Friendship with Foreign Countries, said that the performance was designed to present Chinese people's sincere feelings towards African peoples.

Also among the audience were State Councillor and Foreign Minister Wu Xueqian, Vice-Chairman of the Standing Committee of the National People's Congress Ye fei, Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference Zhou Peiyuan, and First Secretary of the Central Committee of the Chinese Youth League Song Defu.

Informed sources said that similar performances would be given in Shanghai between July 30 and August 1. Students in Beijing, Tianjin and Shanghai colleges and middle schools have reportedly appealed to their fellow students to work this summer to earn money to send to Africans as an expression of their friendly feelings for their African brothers and sisters.

MEETING OF MOROCCAN, ISRAELI LEADERS ANALYZED

OW261715 Beijing XINHUA in English 1514 GMT 26 Jul 86

["News Analysis: Morocco-Israel Dialogue and its Repercussions (by Zhao Zhong and Zhang Xiaoying)" -- XINHUA headline]

[Text] Cairo, July 25 (XINHUA) -- Moroccan King Hassan II finally came to a meeting with Israeli Prime Minister Shimon Peres Tuesday at his Ifrane Palace in central Morocco, braving possible strong repercussions from the Arab world. He must have foreseen that chances for a breakthrough to the deadlocked Mideast peace process were slim at present, but he tried, as he said Wednesday in a televised speech, for "success for every Arab."

The meeting between the Moroccan and Israeli leaders shouldn't have been a surprise since Hassan is considered a moderate Arab leader and has always advocated a peaceful solution to the Arab-Israeli confrontation.

Hassan has made tremendous efforts to push forward Arab-Israeli dialogue. He acted as a mediator when most of the Arab countries rejected the late Egyptian President Anwar Sadat's visit to Israel in 1977. His close cooperation with King Fahd of Saudi Arabia has contributed to the adoption of the Fez Resolution, which calls for a peaceful solution to the Arab-Israeli conflict. The Fez Resolution stipulates that peace among all countries in the Mideast region should be maintained by the United Nations, and that Arabs and Israelis have the right to exist.

Hassan seized the opportunity for this meeting before an Israeli cabinet reshuffle occurs in October, when Peres, the Labor Party prime minister, will change jobs with Foreign Minister Yitzhak Shamir, who comes from the hardline Likud Bloc. Although the Israeli Labor Party and Likud Bloc share the same principled stand toward the Palestinian issue, the Labor Party is considered more flexible than Likud. Therefore, Hassan believed it would be better and easier to contact Peres now than to talk with Shamir a few months later.

Hassan's initiative same after the Jordan-Palestine Amman accord on a common approach to the Mideast problem collapsed last February. Jordan's Husayn has asked the Palestine Liberation Organization to accept the United Nations Resolution 242, which refers to the Palestinian issue as a refugee problem. However, the PLO has refused to act accordingly until Palestinian rights to self-determination are guaranteed. King Hassan was certain his move would hurt neither the feelings of Hussein nor that of Yasir 'Arafat, PLO chairman, since both of them favor a peaceful solution to the Mideast problem. In his nationally televised address Wednesday, Hassan said: "I tried, and if I did not succeed, I will not have hurt anyone. If it succeeded, it would be a success for every Arab, and if it failed I would be alone to bear the responsibility."

Morocco has kept informal contacts with Israel because of links between an influential Moroccan community in Israel, which numbers half a million, and 25,000 Jews in Morocco. Peres' visit to Morocco this time was said to be aided by Jews of both countries.

Unlike the unanimous accusation by Arab countries of Al-Sadat's tour to Israel in 1977, many Arab countries were cautious this time in commenting on the Hassan-Peres meeting. Only Syria severed diplomatic ties with Rabat. This shows a tendency among some Arab nations to take a more realistic attititude toward the Arab-Israel conflict. Some diplomatic sources here consider this kind of gradual, if not strong change, in the reaction toward an Arab-Israeli dialogue as of noteworthy significance.

Seen as 'Bold' Step

OW251935 Beijing XINHUA in English 1350 GMT 25 Jul 86

["News Analysis: Israel-Morocco Talks -- A Bold But Divisive Step -- (by Cai Jintang)" -- XINHUA headline]

[Text] Rabat, July 24 (SINHUA) -- The surprise visit of Israeli Premier Shimon Peres to Morocco came as a shock to many Arab leaders, though it was not as stunning as the late Egyptian President Anwar al-Sadat's visit to Israel in 1977. Moroccan King Hassan II described his talks with Peres as a mere dialogue rather than negotiations. However, the initiative was seen by some diplomatic sources here as a bold step by the king to revive the deadlocked Mideast peace process. The Mideast peace process suffered early this year when King Husayn of Jordan suspended the one-year-old Jordan-PLO accord on a common approach to the Mideast problem. The deep-rooted divisions among Arab countries have also contributed to the deadlock.

The Peres-Hassan dialogue, as expected, yielded little. Hassan insisted that the Fes plan adopted at the 12th Arab Summit in 1982, demanding a Palestinian state and Israeli withdrawal from all the occupied Arab land be the only basis for peace.

However, Peres refused to recognize the Palestine Liberation Organization as the sole representative of the Palestinian people and refused to withdraw from occupied Arab territories as required by the plan.

The fruitless dialogue has evoked condemnation from Syria, Libya, Algeria and some Damascus-based, Palestinian organizations. The moderate Arab states, while frowning at it, refrained from using strong words against it, Egypt is the only Arab country that welcomed Peres' visit. Observers noted that the situation now is quite different from that in 1979 when Egypt signed the Camp David Accords with Israel and was then expelled from the Arab League.

PLA AIDS PEACE, ECONOMIC PROGRESS DESPITE CUTS

OW290509 Beijing BEIJING REVIEW in English 28 Jul 86 p 4

["Notes From Editors" article by An Zhiguo: "Army Aids Peace and Economic Progress"]

[Text] Last year, the Chinese Government decided to cut back the size of the People's Liberation Army by 1 million people between 1985 and 1987. The cutback, the only such act in the world for many years, is being carried out on schedule.

The cuts in military personnel are, however, only part of the efforts being made by the Chinese Army towards peace and development. China has also reduced its military expenditures, even though the share of national defence in the country's budget has always been low. The world's military expenditure rose from U.S. $500 billion in 1980 to U.S. $800 billion in 1985, with those of the United States and the Soviet Union making up about half of the total. China's military outlays in 1985, however, were equivalent to only U.S. $6 billion, less than 1 percent of the world total. The proportion of China's military expenditure in its government financial expenditure also dropped from 17.5 percent in 1979 to 10.5 percent in 1985.

China holds that the danger of world war still exists, but that world peace is attainable as the growth of the forces for peace outstrips that of the forces for war. Under such circumstances, strengthening national defence is necessary, but the scale of this construction should be appropriate and the approach defensive rather than offensive. Just as General Secretary Secretary Hu Yaobang once said, in general, the security of a nation rests on the unity of its people. People with blind faith in armed strength rely only on arms and endlessly expand those arms to prepare for war. They do so at the expense of their people's welfare and end up damaging the foundations of their nation's security. Understanding this, we have gone all out for socialist modernization, develop social productive forces and improve the people's living standards. China is opposed to the arms race and will never participate in it. And we have taken the initiative in paring down our nation's armed forces.

While reducing arms, the Chinese Government has also ruled that the army contribute to the nation's economic construction. The Army has done so in the following respects:

-- Turning some military facilities over to civilian use. Since 1984, the army has transferred a number of airports, ports, docks, special-purpose railways and warehouses to civil use, or has begun sharing these facilities with local towns or cities. The shift has helped ease the strain on China's communications and transport facilities.

-- Transferring military technology to civilian projects. Begun in 1979, this has achieved marked results. Last year, the output value of civil products turned out by national defence and military industries rose from 10 percent in 1979 to 40 percent.

The Ministry of Nuclear Industry has undertaken all the design work and construction of nuclear power stations planned in China and will also provide nuclear reactors.

The Ministry of Aeronautics Industry has developed many models of airplanes for civilian use.

The Ministry of Astronautics Industry, which now launches carrier rockets and satellites, has turned out large numbers of high-quality civil products that are badly needed in the national economy and competitive on the world market. Fifteen such projects have filled yawning gaps for goods in their respective areas in China. The output value of the ministry's civil products has risen by more than 50 percent in the last two years.

The Ministry of Ordnance Industry, which used to produce guns, cannon and munitions, has, since 1980, increased the number of products it makes for civilian use from 64 to more than 700 in 16 major categories. Among these are bicycles, cameras, refrigerators, washing machines and sewing machines. Last year, it turned out 1.2 million motorcycles, accounting for more than 50 percent of the country's total motorcycle output. To meet the needs of key state projects and those of the people, the ministry has also developed a batch of civil products with fairly high technological levels, such as oil drilling equipment, photoelectric products and demolition equipment for civil use

-- Direct involvement in economic construction. Between 1981 and 1985, the Army contributed more than 110 million workdays to local construction and helped with more than 44,500 large, medium-sized and small projects.

Since the end of the 1970s, Army personnel have been required to train for combat and civilian jobs as well. The work to train competent people for both military and civil services has become an important component of the Army's education and training routines. During their term of service, soldiers may choose to study such fields as aquaculture, farming, construction, machine repair, driving, literature, public health and medicine, or business management. The training programme has been much welcomed by officers, the rank-and-file, and the public. To date, 650,000 of China's demobilized solidiers have been employed by civilian businesses thanks to the training they received in the Army.

The Chinese Army's multi-faceted efforts are promoting not only the nation's economic development, but world peace as well.

REFORM EFFORTS BRING CHANGES TO ARMED FORCES

HK281143 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0919 GMT 27 Jul 86

["Reforms Have Brought Five Major Changes to China's Armed Forces" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 27 Jul (ZHONGGUO XINWEN SHE) -- The tide of reform is affecting China's military circles, bringing about changes in their military theory, officers' ranks, soldiers' competence, troop management, and personnel-military structure.

A signed article carried in the first issue of SHEHUIXUE YANJIU (SOCIOLOGICAL STUDIES) says that social changes have ushered in a new trend of development in China's Armed Forces.

First, the military theory of the Army is changing from a "closed type" to an "open one." In recent years, having been oriented toward the world and the future, the studies of military theory in China's armed forces have been full of vitality. The Army has changed the practice of building the Army in a closed-door manner. Together with the civilian authorities, it has constantly held discussion meetings on "military operational research," "national defense economics," and "military social psychology," strengthened the Army's institutions for systematic scientific research, and paid close attention to the world's strategic situation. The academics held that the successful historical experience of using "millet plus rifles to defeat the enemy's aircraft and artillery" is no longer an eternal truth under all circumstances and that the Army should be more farsighted in its modernization program. In May last year, China's military academies set up strategic research institutes. By recruiting some foreign academics and nonmilitary experts as research fellows, they have incorporated things of a diverse nature. This has instilled even more vitality in military academic studies.

Second, the contingents of China's military officers are changing from a "spontaneous type" to a "university or college one." In the past, the Chinese Army chiefly relied on those "born and brought up" in military companies for its source of officers. The newly formulated Military Service Law has stipulated that, in ordinary times, replacements of officers on the active list must have received training in colleges or universities. After undergoing training in colleges or universities in the past few years, the quality of officers has substantially improved. According to statistics, one in every four Chinese Air Force pilots has attained the cultural level of a university or college graduate or above; the total number of science and technology cadres in the Chinese Navy with the cultural level of a university or college graduate has increased by 800 percent over that of 1965; and officers at the Army, divisional, and regimental levels in the Chinese ground forces are gradually being replaced by those who have received training at military academies or by university or college graduates.

Moreover, the competence of the Chinese soldiers is also gradually changing from a "physical power type" to an "intellectual one." In the past, the Chinese infantrymen principally received training in "five major skills," such as bayoneting, grenade throwing, and shooting; what was needed from the soldiers was the ability to bear hardships and to stand hard work. It did not matter whether they had a high or low cultural level. Now, the method of training soldiers in "groping one's way, crawling, rolling, and shooting" is no longer suited to the needs of modern warfare. With the development of the Army's technological specialists, a qualified soldier must be provided with much knowledge of natural sciences and general knowledge of modern military science, such as physics, mathematics, chemistry, the theory of nuclear physics, wireless electronics, and remote control mechanics. In the past, the image of a soldier was associated with valor and physical strength; now, it is a combination of spirit, knowledge, ability, and other qualities. A group of soldiers of the "intellectual type," who have both knowledge and creativity, are growing up in the Chinese Army.

After conducting in-depth studies, the academics also said that China's troop management is changing from an "experience type" to a "scientific one." Some traditional methods of troop management are obsolete. Now, the tendency of applying various basic scientific theories in building the military has emerged in some Army units.

Systems science, information theory, and cybernetics have been applied in the routine work of the Army, such as troop management, military and political training, and combat duty. Decision theory, operational research, psychology, pedagogy, physiology, sociology, and simulated experiments have become required courses for military cadres and political work cadres.

Moreover, the personnel-military structure in China's armed forces has shifted from a "bloated type" to a "crack one." The personnel-military structure refers to the proportional relation between personnel and weaponry. It reflects the modernization level of a troop. At present, the various proportions of the Chinese armed forces, such as the proportions between personnel and weapons, between modern military equipment and conventional weapons, between command posts and combat units, between officers and soldiers, and beween different arms of the services, are out of balance and irrational. "Troops are valued for their quality, not for their number." After cutting its size by 1 million men and streamlining and reorganizing its structure, the Chinese Army is gradually building itself into a new, modern army of streamlined organization, flexible command, superior equipment, and rapid reaction.

PLA ACCELERATES DUAL-PURPOSE TRAINING SYSTEM

OW280828 Beijing XINHUA Domestic Service in Chinese 0706 GMT 27 Jul 86

[By reporter Gai Yumin]

[Text] Beijing, 27 Jul (XINHUA) -- The PLA has standardized and systematized the training of dual-purpose personnel. As a result, an excellent situation has emerged.

According to statistics of relevant departments, more than 900,000 cadres and fighters throughout the Army have received such training, and over 550,000 of them received qualification certificates as well as certificates with technical titles designated. In recent years, more than 1.05 million retired servicemen who came from the rural areas and who were dual-purpose personnel have been recommended for employment across the country. They actively play a vital role on the various fronts.

Deng Xiaoping, chairman of the Central Military Commission, has called on the Army to train cadres and fighters into dual-purpose personnel who can fight as well as practice socialist construction under the new historical conditions. In accordance with this demand, various Army units have actively conducted education and training reform and vigorously stepped up work on training of dual-purpose personnel. Many units have gradually incorporated the training of dual-purpose personnel into regular education and training, and compiled training guidelines for integrated educational training in military affairs, politics, science, culture, and civilian technology. Fighters who have completed 2 years of military service are given time to study civilian technology. Training bases have been set up and improved step by step. Teaching facilities, workshops for practice, and a comparatively stable teaching staff have been built. Rules and regulations have also been drawn up. Various PLA units have also solicited local support and assistance in training dual-purpose personnel.

Along with activities for building spiritual civilization jointly by the military and the people, the training of dual-purpose personnel has gained momentum. Various PLA units also take seriously the economic situation of the fighters' families and information on market demand for the types of personnel.

In this way, fighters can be trained according to demand so that they can better serve local economic construction after demobilization and their return to the rural areas. Local governments at various levels have accelerated work to provide employment for the retired servicemen who are dual-purpose personnel. There are now over 1,900 counties and cities with dual-purpose personnel service offices for retired servicemen. Thus, we can combine the training of dual-purpose personnel by the military and their employment by the localities.

To further promote this work, the Army recently intensively studied and popularized the experience of a certain division under the Nanjing Military Region in conducting integrated dual-purpose educational training. Party committees at all Army levels have unified leadership over the work. The military and government leaders have personally taken charge of the work. The headquarters, political, and logistics departments have coordinated efforts to the study of civilian technology a part of educational training, along with military training, political education, and the study of science and culture. They have also unified plans to carry out the work in an organized manner, and launched the work of training dual-purpose personnel into a new stage.

PLA AIR FORCE IMPROVES TECHNICAL TRAINING

OW281222 Beijing XINHUA Domestic Service in Chinese 0652 GMT 28 Jul 86

[By reporter Sun Maoqin]

[Excerpts] Beijing, 28 Jul (XINHUA) -- During the first half of this year, air units of the PLA Air Force achieved equal results in fulfilling the four targets of flying time, flying progress, flying quality, and flying safety, and made gradual progress in regularizing and systematizing the training of assorted technical troops. [passage omitted]

On the basis of separate training for new and veteran aviators, air units of the Air Force this year further reformed and readjusted the structure of aviation training by forming aviation divisions in which new fliers who graduated from aviation schools received training. This has provided all the air units of the Air Force with a new experience in expediting the restructuring of training.

Keeping the requirements for shorter training periods and better training quality and future needs in mind, the various Air Force units reformed the substance of training for aviators of different types of airplanes and drew up new general guidelines for training. This has greatly improved the quality of the training of new aviators.

Reform of the substance of training for veteran aviators was mainly conducted around assigned operations and focused on new warfare drills. From January to June this year, all air units conducted extensive training missions with a high degree of difficulty in complex meteorological flights, night aviation, air raids, and hedgehopping, while scores of air units successfully took part in combined drills and maneuvers on different scales.

At present, Air Force units have in their possession a complete set of simulated training gear peculiar to the Chinese Air Force.

Air units have also begun to use electronic and laser simulated training equipment. This constitutes a great step forward in modernizing the training methods. In the meantime, microcomputers, as an advanced technology, have been extensively used by the Air Force units. [passage omitted]

PLA ENGINEERING CORPS USES MODERN EQUIPMENT

OW271130 Beijing XINHUA in English 1109 GMT 27 Jul 86

[Text] Beijing, July 27 (XINHUA) -- The Engineering Corps of the Chinese Army has been equipped with modern facilities, thus, bidding farewell to the manual operation with picks and spades the soldiers have used for a half century, the OUTLOOK WEEKLY to be issued tomorrow reported.

The weekly said that productivity of the Engineering Corps has jumped two to three times, compared to that in late 1970s. When more than 100 sections of road sank near the Sino-Vietnamese border last summer, a unit of the Engineering Corps rushed to repair the road and it re-opened to traffic soon despite the gunfire of the Vietnamese troops.

As a technology-intensive troop, the Engineering Corps comprises specialized units for construction of military projects, pontoon bridges, camouflage, water supply in battlefield and maintenance of projects.

In addition to ordinary projects, the corps can overcome or install various artifical barriers including mine fields, build sophisticated field projects and provide protective means against enemy's reconnaissance by visible light, infared and radar apparatus.

The weekly also disclosed that the corps can camouflage various military facilities including headquarters, rocket launching pads, communication hubs, roads and airports while building pseudo targets to confuse the enemy.

The Chinese troops are able to lay mines with rocket guns, machines and aeroplanes and clear mines with rockets or machines.

When constructing a bridge, a special vehicle equipped with transit and laser instruments can automatically measure the water floating speed, depth, and draw and section chart of the river. Today's bridge builders include special trucks, tanks and other machines. A tank can complete construction of an 18-meter bridge in five minutes.

Band floating bridges has been spanned over major rivers in China. [sentence as received] Experts said that only the Soviet Union, the United States, France, Federal Germany and China can manufacture the facilities for construction of band floating bridges.

PLA HELPS WITH HENAN, SHANDONG PROJECTS

OW280930 Beijing XINHUA in English 0753 GMT 28 Jul 86

[Text] Beijing, July 28 (XINHUA) -- Units of the Chinese People's Liberation Army in Henan and Shandong provinces are working in a major water diversion project and 11 other key construction efforts, military officials said today.

"These are the largest projects the PLA has ever been involved in in terms of personnel and scale," an official told XINHUA today.

The projects include diversion of water from the Yellow River to the Shandong City of Qingdao, where water shortage is acute, construction of approaches to the Yellow River highway bridge near Zhengzhou in Henan Province, and building of a reservoir and highway in Shengli oilfield on the Shandong coast. Shengli is China's second most important source of oil.

One official said the PLA is helpful in such projects because today's soldiers "continue the tradition of working hard developed during the revolutionary wars and are used to battling difficult conditions."

To complete the earth moving work of the project to divert the Yellow River water before high-water season this year, the PLA "organized 30 shock brigades to rush completion of the early-phase project," the official said.

Praised as "especially capable fighters" by their leaders, the soldiers also won the gratitude of local residents, who presented them with silk banners thanking them for "bringing benefit to the people" and making "immortal contributions to the people."

CYL ORGANS RESTRUCTURED UNDER PLA DEPARTMENTS

OW290017 Beijing XINHUA Domestic Service in Chinese 0817 GMT 28 Jul 86

[Text] Beijing, 28 Jul (XINHUA) -- The PLA General Political Department recently decided to set up CYL committees at elementary command institutes and vocational and technical schools extensively throughout the Army, and to change the departmental CYL work committees at intermediate and advanced command institutes to basic CYL committees.

The military academies have set up departmental CYL work committees since the 1930's. The situation and the composition of student at military academies have undergone great changes since those days. Restructuring management of CYL organs at military academies is in line with the need to launch youth work and build CYL organs in the new period.

SOLDIERS IN REMOTE AREAS GET COLLEGE EDUCATION

OW281728 Beijing XINHUA in English 1530 GMT 28 Jul 86

[Text] Beijing, July 28 (XINHUA) -- More than 500 Army officers and soldiers stationed on remote sea islands have acquired university certificates thanks to help from colleges in northeast China.

These officers and soldiers are on the Waichangshan Archipelago in the Yellow Sea. Far from the mainland, they had much difficulty not only in living, but in studying.

Three years ago, they wrote a letter to six universities and colleges in Liaoning Province including Liaoning University and Laioning Normal College, asking them to set up university courses on the islands.

Their appeal got a warm response. The colleges sent several batches of professors and teachers to the islands to listen to the soldiers' problems and draw up teaching plans.

A comprehensive curriculum was worked out, and courses including political science, history, Chinese language, machine building, foreign trade and commercial economy were offered on the spot.

So far, 32 professors and teachers from these colleges have toured the islands to give lectures and correct homework.

After three years of studying, more than 500 officers and soldiers who took the courses have received university certificates for two to six special subjects, and another 30 acquired certificates for as many as 12 subjects.

Encouraged by their students' eagerness and good scores, the six colleges have now set up a long-term teaching plan so that more officers and soldiers will have the chance of receiving college education.

CULTURE MINISTER WANG MENG DISCUSSES NEW NOVEL

HK280544 Beijing CHINA DAILY in English 28 Jul 86 p 5

[By Lu Chao]

[Text] Wang Meng, a popular writer in China and the newly-appointed Minister of Culture, published a new novel recently which sparked a heated debate in Chinese literary circles.

The novel "The Metamorphosis of Human Nature," describes the vicissitudes of an intellectual and his family during the Japanese occupation in the 1930's and after the liberation of 1949. However the author does not simply repeat the old themes -- of the suffering of the Chinese people under the yoke of the Japanese invaders and the happiness after liberation. Instead, he focuses on the exploration of human nature and the intricacies of human relationships, thus giving the novel a realistic and artistic treatment that is both inspiring and thought-provoking for his readers.

With sharp insights, Wang Meng offers a revealing glimpse of the social and inner conflicts of individuals in the face of the collision between Chinese and Western cultures.

In the book, Ni Wucheng, a college lecturer who has studied in Europe, says that "the only way out for China is to be Westernized." He finds it hard to up with his native land, which he says is "imbued with brutality, ignorance, and dirt." He always wishes that he had been born in a foreign city like Paris, Vienna, New York or Venice. He names his son Ni Zao, simply because it sounds like "Good Morning" in English, which, he thinks, is a sign of "European civilization." With only a few pennies left in his pocket, he buys a thermometer instead of bread to bring back to this hungry family to show his "enlightenment." Of course, his unorthodox thoughts and deeds meet with severe opposition from his wife Jingyi, her mother and her sister, all of whom are rigid guardians of traditional Chinese ways of living.

The author satirizes and rebukes Ni Wucheng's blind worship of everything foreign, as well as the women's ignorance of Western civilization. At the same time, he also reveals his sympathy for both sides. "They are both victims of China's feudal cultural," Wang said in a recent interview.

Amiable and quick-witted, Wang, 52, talks in a manner more akin to a novelist than a minister. "This is so far the most important work of my writing carrer," he said. The novel represents his efforts to portray Chinese intellectuals who woke up to Western culture and ideology after the May 4th Movement of 1919. In the past, many works on the same theme, including Ba Jin's well-known novel "Family," drew a clear-cut distinction between the enlightened intellectuals and conventional forces. But Wang graphically depicts a conflicting personality, a man burdened with guilt, isolation and anxiety, making a futile search for national and self-salvation. "I tried to probe into Chinese history from the perspective of feudal cultural bondage, abnormal human nature and physchology," Wang told CHINA DAILY.

Wang started to write the novel in the spring of 1984, but it was not until last year, when he spent two months of solid writing, that he managed to finish it. "I lived in a shabby temple on Beijing's outskirts for a month to create a suitable setting for my imagination. I seemed to be able to go back to the miserable days of Old China and was often struck by bursts of madness," he recalled.

At a recent meeting between Beijing's literary figures to discuss Wang's novel, Liu Zaifu, chief of the Literary Institute under the Chinese Academy of Social Sciences, spoke highly of its ideological content and artistic value. "The book records the hardship Chinese intellectuals have endured in this century. It is a monumental work."

Wang is known for his "essay-style" writing. Some of his colleagues doubted if his style could be applied to writing a novel. But his recent work has proved the success of this format.

Liu Xinwu, a well-known writer, argues that the novel conveys a sense of "national self-introspection" because it tries to expose the seamy sides of the Chinese cultural heritage.

Asked why he shifted his focus from modern time themes to a historical topic, Wang said, "Because China is now opening to Western cultures, some people are still haunted by feudal ideas -- like Ni Wucheng and his wife."

During the 1950's Wang was one of a group of promising and daring young Chinese writers, but his literary career was wrecked after 1956 when he published "The Newcomer in the Organization Department," a short story highly criticial of bureaucracy.

He did not begin publishing again until 1979, but has so far published more than 2.5 million words in novel, essay and commentary form. In 1981 he won a national prize for his novelette "Butterfly."

After his appointment as Minister of Culture in June, many readers worried that he would be too preoccupied with his official routine to write anything. "Of course, it takes me the bulk of my time to get down to my new work. At the same time, I still plan to write something, short pieces for the time being. But one thing is for sure, I have not, and will never, put down my pen," he said.

CULTURE MINISTER, VICE MINISTERS PROFILED

HK221306 Beijing RENMIN RIBAO Overseas Edition in Chinese 21 Jul 86 p 4

["News reference": "Brief Biographies of Culture Minister, Vice Ministers"]

[Text] Minister Wang Meng: Minister Wang Meng, 51, is a prolific writer who has experienced ups and downs in his writing career. He joined the CPC at the age of 14. In 1957 he was accused of attacking the party and wrongly branded as a rightist because he published a novel -- "The Newcomers in the Organization Department" which criticized bureaucracy. After being rehabilitated in 1979, he returned to the literary arena. Since than he has published a number of novels, essays, and commentaries one after another, which total 3 million Chinese characters. His "The Most Precious," "The Heart of a Young Blade of Grass, and "The Voice of Spring" have won national best short-story awards. After being appointed as the minister of culture, some of his friends in the literary world were worried: Can he manage to carry out his creative activities? Being an "official," will he forget his colleagues in the literature and art community? Wang Meng's answer was to "be both an official and a writer." In the last few months, he has persisted in creative writing no matter how busy he was with his work. He has finished six or seven medium-length and short stories, such as "Poetic Painting of Painter 'Sha Te' [3097 3676]" "Under the Wheel," and "Sea Gulls" in his series "Newcomers From the Mainland." He has also published essays, fables, and poems. He is skilled in writing novels. Though he is busily engaged, he has still managed to publish dozen of poems at a stretch. His poetic creation has reached a climax.

Executive Vice Minister Gao Zhanxiang: Executive Vice Minister Minister Gao Zhanxiang, 51, was a member of the secretariat of the CYL Central Committee and deputy secretary of the Henan Provincial CPC Committee. He is an amateur writer who comes from a printing worker's family. He has loved literature and art since his childhood. Now he is member of the China Writers Association and of the China Calligraphers Association. This year he published two books: "A Collection of Watering Flowers" and "A Free Discussion on the Art of Leadership." The two books are mostly literature and art commentaries, essays, and random thoughts in connection with his work.

Vice Minister Liu Deyou: Liu Deyou, Vice Minister in charge of foreign cultural exchange work, 55, has a good command of Japanese. He was chief reporter of the XINHUA NEWS AGENCY stationed in Japan. After returning home, he was appointed as deputy director of the foreign languages bureau and assistance minister. He has done translation work for years. Recently he asked to be relieved of his post as secretary-general of the translators association because he was too busily engaged in his work. However, he will still continue his translation work.

Vice Minister Ying Ruocheng: Ying Ruocheng, Vice Minister in charge of the art sector, 56, was a brilliant student of Qinghua University's Foreign Languages Department and a delebrated actor and performance artist of the Beijing People's Art Theatre. He portrayed many moving and unforgetable images on the stage and screen such as the interpretor in the film "Norman Bethune" and Kublia, emperor of the Yuan Dynasty, in the film "Marco Polo." In recent years, he has been enthusiastic in promoting cultural exchanges with foreign countries, thus attracting wide attention at home and abroad.

Vice Minister Song Muwen: Before taking up the pose of vice minister, Song Muwen, 56, was deputy director of the publication bureau. He has served in the cultural departments for a considerably long time. It is said that in a poll conducted in the Ministry of Culture the year before last, he was elected by the cultural community one of the candidates for the minister of culture. At present he is in charge of the work of publication, libraries, mass culture, art, education, and organizational affairs.

BEIJING DISCIPLINES ERRING PARTY MEMBERS

HK280626 Beijing CHINA DAILY in English 28 Jul 86 p 5

[By staff reporter Nie Lisheng]

[Text] More than 50 party members were disciplined in Beijing in the first half of this year as the municipal party authorities intensified their efforts to penalize those who used their power to seek personal gain.

Eight of them have been expelled from the Party, two sentenced to imprisonment and about 40 others have been either dismissed from their leading posts, put on probation or given disciplinary warnings within the Party, according to Li Zhijian, Vice-Director of the Propaganda Department under the Beijing Municipal Party Committee.

He told a press conference at the weekend that 19 of those penalized were leaders at county or municipal levels in the on-going party consolidation campaign, which has been stepped up since last August. The city decided then to focus its efforts on the malpractices of some party members who took advantage of their administrative positions in some service trades to extort bribes and funds.

From January to June, Li said, the Municipal Party Disciplinary Inspection Commission investigated 1,050 cases of disciplinary violations, including 57 cases involving large sums of money.

On July 13, for instance, Ma Shusheng, Vice-Director of the Beijing Municipal Power Supply Bureau and three other veteran Party cades, were reported to have been arrested pending trial on charges of embezzling public funds or taking bribes. On the strength of his control over electricity distribution, Ma was found to have extorted thousands of yuan or Hong Kong dollars from his company's clientele.

Earlier this year, Ma Xueliang, former director of the Municipal Public Utility Bureau, and Huang Yuqian, former Party Secretary of Beijing Gas Company's pipeline agency, were sentenced to prison for six and 15 years respectively for similar corrupt practices of seeking personal profit by abusing their power over gas supply.

Since October 1983, Li told reporters, 330,000 of a total of some 780,000 party members in the city had so far passed the disciplinary inspection during the current party rectification campaign. The rest of them would be covered by May next year when the campaign is due to be completed.

Li said the city had also successfully checked the unhealthy practice of Party and government organs opening their own profitable businesses. By the end of June, 204 of a total of 413 such companies or enterprises had been closed, while the other 209 had severed their party or government connections and were now being run as independent entities.

TRIAL JUDGE EXPELLED FROM CPC FOR TAKING BRIBES

HK291322 Hong Kong AFP in English 1206 GMT 28 Jul 86

[Text] Beijing, July 28 (AFP) -- A trial court judge in Shanghai has been expelled from the Chinese Communist Party for accepting more than 3,000 yuan (815 dollars) in bribes, a Shanghai daily has reported.

The judge, Wu Chunhua, received the money between 1979 and 1985 from Chinese seeking to be rehabilitated, the XINMIN WANBAO newspaper received in Beijing Monday said. In November, sensing that his actions might be exposed, the judge struck a deal with his so-called "clients" in order to protect himself, the newspaper said. Later, after he was arrested, he denied any wrongdoing, but slowly changed his mind and finally admitted his mistakes, it said.

The Communist Party's Discipline Committee approved Mr. Wu's conviction and published a directive calling on all party cadres to draw lessons from the affair.

XINMIN WANBAO did not disclose whether Mr. Wu retained his judgeship. Since the beginning of the year, China has been several cases of corruption and other economic scandals involving party cadres.

RENMIN RIBAO ON PARTY STYLE, LEGAL SYSTEM

HK281256 Beijing RENMIN RIBAO in Chinese 25 Jul 86 p 1

[Commentator's article: "Correcting the Party Style and Strengthening the Legal System"]

[Text] Rectifying party style and strengthening the legal system are two closely related things, but they have essential differences.

They are closely related, because our party is a ruling party and the leadership core of the whole nation. A good party style is a major guarantee for a sound legal system; and a bad party style is bound to disintegrate the legal system in our country. In turn, a sound legal system will effectively check and prevent the unhealthy things in party style; and a poor legal system will simply encourage those corrupt party members and cadres to engage in unbridled irregular activities. In the past 6 months since the CPC Central Committee Secretariat held a 8,000-people meeting in January, the work of straightening out party style has achieved marked results. An important step is to seriously deal the major cases which violated party discipline and state law. The handling of these cases has promoted healthy tendencies, enforced party discipline, strengthened the legal system, and convinced party members and the masses of the hopeful prospect of bringing about a fundamental turn for the better in our party style and public conduct.

However, there are essential differences between the rectification of party style and the strengthening of the legal system. The party style problem refers to party members' violation of the party Constitution and party discipline. If a party member's action goes beyond the scope the party Constitution and party discipline and violates state laws, then party disciplinary measures are not enough and they should be punished according to state law. Party members' lawbreaking actions should not be regarded as a party style problem, and party disciplinary measures should not replace legal actions. On the other hand, many people who are involved in unhealthy tendencies or in illegal activities are not party members, and party discipline does not apply to them. They should be handled by the judicial organs according to law. The ruling party has responsibility for taking measures to deal with the unhealthy tendencies in society, but these unhealthy tendencies should not be included in the scope of "incorrect party style."

We still need to make painstaking efforts to bring about the situation in which party members abide by party discipline and all citizens (including party members) observe state laws. Apart from enacting a sound system of laws and regulations, we must strengthen discipline education among party members and legal system education among all citizens. Recently, Comrade Deng Xiaoping pointed out when talking about rectifying party style and correcting the unhealthy tendencies: "At present, our efforts should be focused on rectifying party style, but our overall work is to build the legal system. An important thing is strengthening the legal system is education. The fundamental way is to educate people."

In the course of rectifying party style, we also stress the strengthening of the legal system. These is a need for the in-depth development of rectifying party style. The CPC should also act within the limits of the Constitution and state laws. Party members not only must abide by party discipline, but also must observe state laws in an exemplary way. Party leading cadres at all levels should set a good example in studying law, observing law, and enforcing laws. Recently, central leading comrades attended law lectures in the capacity of ordinary students in order to study the law. This is a concrete action of the party central leadership in attaching importance to the legal system.

RENMIN RIBAO ON COMMUNIST, SOCIALIST PRACTICE

HK281357 Beijing RENMIN RIBAO in Chinese 21 Jul 86 p 5

["Exploration and Contention" column by He Kuang. "It Should Preferably Be Summarized as Socialist Practice"]

[Text] Before entering the stage of building communism, should the revolutionary (construction) practice in our country be summarized as communist practice, or socialist practice? A correct answer to this question is of vital significance in both theory and practice.

One of the four basic principles we uphold is the principle of socialism. The two civilizations we are building are: 1) socialist material civilization; 2) socialist spiritual civilization. The socialism we are building is Chinese-style socialism which integrates the basic principles of Marxism with practical reality in China. What we are creating is a new situation in socialist modernization.

If we turn all these into communism, the following situation will occur; upholding communism; building communist material and spiritual civilizations; building Chinese-style communism; and creating a new situation in the building of communist modernization. It is not difficult to imagine that such a change occurring in our documents and propaganda will produce unprecedented chaos in the entire party, and the thinking and practical life of the people throughout the country!

Why is such change not allowed?

This issue should be approached from a historical viewpoint of development.

In modern socialist documents, no distinction was made between the concept of communism and that of socialism for a long period of time. They were interchangeable, and referred to the new society in the future after the destruction of capitalism. When Marx wrote "Critique of the Gotha Program" in 1875, he proposed for the first time the two stages of communist society. However, he did not call the first stage, or elementary stage of communist society socialism. Thereafter, just as Lenin pointed out, the first stage is generally called socialism. Communism, as a social system, is differentiated from socialism. This is a great development in the theory of scientific socialism. The practice of scores of years in socialist countries has fully proved the truthfulness of such development. Under the new historical conditions, if we still fail to differentiate socialism as a social system from communism, lump them together, and call them communism as we did in the past, or in the 19th century, we are theoretically ignorant, or backward. This means we are so backward that we fail to recognize, or attach importance to the scientific theory and the importance of revolutionary practical activities of differentiating communism from socialism.

In view of the above-mentioned review and analysis, I maintain that we should preferably summarize our present revolutionary (construction) practice as socialist practice. Only thus can we avoid lumping communism and socialism together.

Saying that our present practice is socialist practice is beneficial to differentiating ideals from reality. Scores of years after the October Socialist Revolution, socialism was turned from ideals into reality in some countries. The practice of scores of years has proved that socialism is not a transient stage. A comparatively long historical process is needed for the transition from socialism to communism, and for turning ideals into reality. We are not allowed to skip necessary historical stages, and regard ideals as reality. In the present society, socialist society, we are not allowed to do things which should be done in the future ideal society, communist society. Therefore, to keep a cool head, and avoid sinking into the "leftist" mire, we should stress that we are practicing socialism, and that socialism is what we should practice.

Furthermore, saying that our practice is socialist practice is beneficial to integrating practice with policies. Policy stems from practice, is tested by practice, and develops with practice. The policies pursued during the new democratic revolution owed their existence to the revolutionary practice then. In addition, these policies, tested by this practice, also develop with this practice. Today, at the socialist stage, we are pursuing socialist policies, which have stemmed from socialist practice. These policies, being tested by socialist practice, are developing this socialist practice.

Here, it is very easy to understand the unification between practice and policy. Of course, such unification can be expressed in another way. For instance, we may say that our communist practice means communist practice based on the completion of the first stage of communism. Our communist policy is a communist policy based on the completion of the first stage of communism. The unification between practice and policy is thus shown. However, such unification is not only backward, but also difficult to understand. It might also mislead people so that they keep saying we are implementing communist policy. This deviates from the reality in our socialist life.

We stress that our present practice is socialist practice, rather than communist practice. Does this not mean that we negate the role of the communist ideological system? The answer is no. Does this not mean that the realization of a communist system will be put off? The answer is also no.

At the stage of democratic revolution, if our party failed to stress the difference between democratic revolution and socialist revolution; if it failed to write a new article well before the old one was finished; if it emphasized only the unanimity of the two revolutions and writing two articles simultaneously, and the theory of the so-called "accomplishing the whole task at one stroke"; and if it led the revolution in such a way, it could be imagined that the revolution could only end up in failure. It would have been impossible to score success in the democratic revolution, still less turning socialist ideals into reality. The practical reality is when a democratic revolution is carried out more smoothly and more thoroughly, socialism is nearer to us rather than getting farther and farther from us. Did the victories in the Chinese democratic revolution and socialist revolution not prove this truth?

Today, when we are stressing the differences between socialism and communism, we should, first of all write well the article of socialism. We should constantly sum up the practical experience of socialism, constantly improve and give play to the role of our economic, political and cultural systems, which serve to demonstrate the superiority of socialism. We should speed up the accomplishment of the most fundamental socialist task -- developing socialist productive forces. We can say with full confidence that as long as we build socialism in an all-round way with one heart and mind, we will be getting nearer and nearer to the realization of communism -- the ultimate goal of our party. Communism will not be far from us.

This is how revolutionary dialectics stand!

LIAOWANG ON 'STEADY PROGRESS' IN OPENING UP

HK270830 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 29, 21 Jul 86

[Article by Li Qin and Hu Junkai: "China Makes Steady Progress in Opening to the Outside World"]

[Excerpts] What are the current conditions of China's special economic zones and coastal open cities? What difficulties have they met with, and what mistakes have emerged in the course of opening up to the world? Has interest in investment of foreign businessmen waned? Opinions are many, and differ both at home and abroad. In recent months, the reporters have been to Shenzhen, Zhuhai, and Xiamen and visited several coastal open cities. Then back in Beijing, they visited the Special Economic Zones [SEZ] office under the State Council, seeking truthful answers to these questions in an attempt to arrive at a prospective through which we can see the general trend of China in steadily pushing forward the policy of opening up the world.

The 4 SEZ's Entering Upon a New Phase of Blazing New Trails

The four SEZ's of Shenzhen, Zhuhai, Shantou, and Xiamen have entered upon a new phase of blazing new trails from an initial stage over the past 6 years.

First, the investment environments are becoming more and more complete and perfect with each passing day. Statistics of a relevant department show that in 1985, the investment completed in capital construction of the four SEZ's grew by 88.3 percent from the previous years. In the Shenzhen SEZ, the total acreage developed and constructed upon is now 47.6 sq km, new road with a total length of 53.3 km has been built in the urban areas, and 14,000 lines of program-controlled telephones are installed, and direct long-distance can now be put through with more than 10 major cities at home and abroad. In Xiamen SEZ, the first-stage project of the Huli industrial district has already been completed. Ten standardized industrial buildings and a residential district with a total floor space of 120,000 square meters have been erected. At the same time, both the first-stage project of Dongdugong wharf and the land reclamation program along the sea for prolonging the runway of the Xiamen airport have been completed, and the emergency power plant with a capacity of 75,000 kw as well as a waterworks with a capacity of processing 60,000 tons daily have consecutively put into production.

Second, foreign capital absorbed and utilized has somewhat increased. In 1985, 1,970 contracts of all descriptions on utilizing foreign capital were signed, up 10.8 percent from the previous year. Through negotiation, the total investment of foreign businessmen was $1.47 billion, up 53.1 percent from the previous year. The actual investment volume of foreign businessmen was $440 million, up 13.23 percent from the previous year. According to the responsible person of the SEZ's office under the State Council, the two characteristics of the four SEZ's in utilizing foreign capital are: 1) The proportion of industrial investment has risen. In Shenzhen, industrial investment with foreign capital accounts for 44.6 percent of the total volume of foreign capital utilized, ranking top of all trades. In Shantou, industry with foreign capital accounts for 60 percent of the total volume of foreign capital utilized, which is quite remarkable. The number of contracts signed in industrial projects grew by 22 percent form the previous year. Most of these projects belong to the extrovert type, with their products chiefly for export. And 2) A number of knowledge and technology intensive-type projects are imported with selection, as well as some projects in shortage present in China's hinterland.

And third, their capability of bringing in foreign currencies through export has improved. In Shenzhen, 147 industrial enterprises were producing for export, with more than 200 items of their products entering the overseas market, and the output value of export industrial goods grew by 96.7 percent from the previous year, of which the output value of export goods of Shekou industrial disrict accounted for 69 percent of the total industrial output value of the whole industrial district. In Zhuhai SEZ, most of the products of 65 of its factories are for export. [passage omitted]

The economies of the four SEZ's are continously growing. Their gross industrial output value grew by 43 percent from the previous year. [paragraph continues]

Agriculture, commerce, foreign trade, and tourist industries have also developed considerably. Turnover of social retail grew 58.2 percent from the previous year, and the local budgetary financial revenues grew 50 percent and more from the previous year; among them, Shenzhen and Zhuhai increased by more than 70 percent. In Shantou, the accumulated taxes and profits handed over to the state and the withdrawal of currency from circulation accounted for more than half of the city's entire investment in capital construction. When focusing on building the Huli industrial district, Xiamen has firmly grasped the technical transformation of old enterprises, with more than 100 million yuan already invested. Now 42 such projects are put into production, and its gross industrial output value grew 44.5 percent from the previous year and the taxes and profits of industrial enterprises handed over to the state grew by around 40 percent.

Coastal Open Cities Take on New Vitality

In May 1985, China decided to further open to the world 14 port cities along the coast. The foreign economic relations and the entire economic work of these cities have taken on new vitality. [passage omitted]

— Certain accomplishments have been scored in absorbing foreign capital and the direct investment of foreign businessmen. Two years ago, with the exception of Guangzhou, Shanghai, and Tianjin, few of the coastal open cities utilized foreign capital and invited direct investment of foreign businessmen. Today, the 14 coastal open cities have signed a total of more than 1,200 contracts on joint ventures, non-equity joint ventures, and enterprises with sole foreign investment. Foreign businessmen have promised to invest $2.9 billion in these enterprises, with $500 million already invested, which is four times the accumulated volume in the 5 years prior to 1983. Of the 53 enterprises with direct investment of foreign businessmen in Shanghai, 29 have an export volume accounting for 50 percent of their products, which brought in $50 million in hard currencies in 1985. The 31 joint ventures in Tianjin put into production for more than 6 months had a balance in foreign currencies with a little surplus in 1985 and have bright prospects in their development.

— Initial steps are made meticulously in economic and technological development districts. In order to concentrate the absorption and utilization of foreign capital and to import knowledge and technology intensive-type projects, 11 of the 14 coastal open cities set up economic and technological development districts at the turn of 1985. The total acreage of the development districts are 114 sq km, with 12 sq km in the first-stage development and construction. A total investment of 940 million yuan was made in the 11 economic and technological development districts in 1985. At present, the majority of these development districts have already acquired the conditions for factory buiilding.

What Are the Mistakes and Problems?

Because of lack of experience, the SEZ's and coastal open cities have, for a time, been too hasty in their requirements. Their tentative planning was a bit outsized, their work has not been so meticulous, and some of their projects have not been appropriately selected. It is just natural that some mistakes and problems have emerged. Generally speaking, they are:

1. The macroeconomic control system has failed to suit the development of economic activities. The functional departments of economic control have not given play to the supervising role of the economic levers and control. There are too many tiers in administration when work efficiency is low, and a good solution for the phenomenon of arguing back and forth between departments has not yet been found. In the SEZ's, speculation of foreign currencies has emerged, as well as the phenomena of selling restricted imported commodities to the hinterland and going in for illegal operation. 2. The legal system is not complete and perfect enough; economic legislature is lagging behind in particular. Some departments have increased their charges arbitrarily, which makes the production cost of enterprises soar and results in countering, to various degrees, the preferential treatment of the SEZ's and coastal open cities in their low tax rate and tax exemption period and affecting the interests of overseas investors. 3. Weakness in overall planning. Repeated import and construction have taken place in coastal open cities. The industrial construction in some SEZ's is not rational enough, leading to a weak industrial base. For example, the output value of the machine-building industry accounts for only about 5 percent of its gross industrial output value, but the output value of its electronic industry should account for 50 percent, which seems overexpanded. Moreover, the majority of the electronics industry entails assembling foreign parts, and few could produce their own parts and basic parts. 4. The capability of enterprises for bringing in foreign currencies is weak, and the result is the difficulty in achieving a balance in foreign currencies. The lack of qualified people, senior scientists and technicians in particular, as well as in economic management and foreign trade, has answered for certain difficulties in the production and management of many enterprises. and 5. The scope of capital construction is too big, and when the state was tightening its grip on money supply in 1985, there was some strain in the circulation of funds and energy resources.

The responsible person of the SEZ's office under the state Council told the reporters that some of these problems took place in the stage of development, others had their root in the lack of experience, and still others were mistakes in work.

These problems have basically been solved or will be solved as soon as possible.

New Measures Will Come To The Forefront, Foreign Businessmen Will Have Profits To Make

Statistics of the Ministry of Foreign Economic Relations and Trade show that by the end of April 1986, the number of joint ventures, non-equity joint ventures, and enterprises with sole foreign investment had increased to more than 6,000. The Chinese Government has, in recent years, consecutively drawn up a number of documents, laws, and regulations to guarantee the interests of these enterprises. It is learned that the Chinese Government will publish, in the near future, updated measures concerning joint ventures, non-equity joint ventures, and enterprises with sole foreign investment, with greater preferential benefits given to overseas investors, which include the following aspects:

-- Regarding all localities and departments resolutely implementing the laws and regulations published by the Chinese Government as well the principles, policies, measures, and methods explicitly defined in the relevant docuoments issued by the State Council.

The Chinese Government will help joint ventures, non-equity joint ventures, and enterprises with sole foreign investment to ease such channels as man, materials, and financial resources as well supply, production, and marketing. Examination of the implementation of contracts already approved should be strengthened. When responsibilities for things rest on the foreign parties, we should urge them to earnestly implement the contracts; when the responsibilities rest on the Chinese parties, priority should be given to make arrangement for them within the realm of their authorities and plans. Regarding the personnel system, the right to invite and to remove personnel and employing workers and staff according to their ability without restriction by enterprises with foreign investment will be guaranteed. The establishment of cadres and workers based on the needs of production and operation should not be subject to proportional restriction.

-- Regarding registered joint ventures under construction, relevant localities and departments should implement the arrangement for the share of investment of the Chinese parties from the indexes of fixed assests investment approved by the state. Foreign loans may be borrowed as capital of the Chinese parties, provided the economic results of such joint ventures are ideal. The People's Bank of China and the Bank of China should appropriately increase the volume of loans for circulation funds, to be used focally on joint ventures importing advanced technologies, which products may bring in foreign currencies through export, in support of their rational needs in circulation funds in the course of production and operation.

-- Products that China needs to import should be adopted in priority when they can be produced by enterprises with foreign investment. When enterprises of foreign investment find clients in the domestic market, the accounts can be settled in foreign currencies through negotiation of the two parties concerned with the approval of the Ministry of Foreign Economic Relations and Trade.

-- The import of parts, articles to form a complete set, and raw materials for export products of enterprises with foreign investment will no longer go through the procedures of examination and approval, nor will the application for import liciences be necessary; customs will supervise their import based on the contracts. If such a category of products is to be marketed in the hinterland, they should go through the routine for import based on the regulations, and those on the import restriction list of the state should first get permission from relevant departments and their import taxes paid according to the regulations.

-- Regarding enterprises on the import restriction list with foreign investment in their products, the part of their products for the domestic market will be listed in the 1986 production plan by the responsible trade department based on the stipulations of the production program in the contract of the enterprise, the proportion for the home market, and the market demand as well.

-- Materials and equipment supplies for the production of enterprises with foreign investment will be improved. The State Bureau of Materials and Equipment, the several coastal open cities with greater number of enterprises with foreign investment, and the materials and equipment departments of the SEZ's will run several materials and equipment supplying and marketing service corporations for the convenience of enterprises with foreign investment. Materials and equipment (including those acquired through coordination) available in the home market will be organized for the clients at rational prices, or they will act as mediators between the clients and the supplying units.

ARTICLE ON MODERNIZATION, DEMOCRACY REPRINTED

Editorial Note

HK251028 Shanghai SHIJIE JINGJI DAOBAO in Chinese 2 Jun 86 p 1

["Editorial Note on Li Honglin's Article on Modernization and Democracy"]

[Text] Li Honglin has written an article discussing modernization and democracy. Autocracy may conduct social reforms, such as the reform launched by Shang Yang. Autocracy may also engage in gigantic projects, such as the pyramids and the Great Wall. Autocracy may even develop a modern, powerful nation, such as Hitler's Germany. We are now building a modern, powerful socialist country, which has not only highly developed material and spiritual civilizations but also a highly developed democratic life. This treatise was originally published in the special issue marking the fifth anniversary of the publication of this weekly. Some time ago, newspapers and magazines at home and abroad either carried excerpts of the article or transmitted reports on it, and some even carried commentaries. Consequently, many readers called for reprinting of the article in full, which we now do accordingly.

Li Honglin Article

HK251030 Shanghai SHIJIE JINGJI DAOBAO in Chinese 2 Jun 86 pp 12-13

[Article by Li Honglin: "Modernization and Democracy" -- originally published in the special issue marking the fifth anniversary of the publication of SHIJIE JINGJI DAOBAO entitled "Building Socialism With Chinese Characteristics"]

[Text] With democracy, there would be no socialism or four modernizations. For this reason, while conducting economic reforms, we should develop socialist democracy in the political field.

Autocracy may conduct social reforms, such as the reform launched by Shang Yang. But that was a feudal reform. The feudal socioeconomic system itself called for an autocratic political system. Therefore, its superstructure was suited to the economic base.

Autocracy may also engage in gigantic projects, such as Egypt's pyramids and China's Great Wall and the Grand Canal. But they were the results of forced labor. There is a world of difference between the efficiency of forced labor and that of free labor.

Autocracy may even develop a modern, powerful state. For example, after taking office, Hitler turned Germany into a powerful European country in a very short time by employing fascist, dictatorial means. But that was a lopsided kind of development. The entire country was turned into a war machine, not only bringing calamities to the world but also imposing tremendous sacrifices on the German nation.

We are now engaging in socialist construction with the aim of turning China into a modern, powerful, socialist country. What is meant by a "modern, powerful, socialist country"? What should we do in order to achieve this objective?

A modern, powerful, socialist country should have not only highly developed material and spiritual civilizations but also a highly developed democratic life. This is because "socialism" refers not only to the economic system of a society but also to a new society, one historical era higher than capitalism. This society has its own base and a superstructure suited to the base.

The relations of production must be suited to the productive forces. If they are not suited to the productive forces, they will inevitably obstruct and even undermine the development of the productive forces. This truth has become known to all. However, there is another truth which is closely related to this truth but which cannot be said to have been widely accepted up to now. It is that the superstructure must be suited to the economic base. Naturally, nobody opposes this truth in words. In fact, however, some people do not quite agree with it. This situation becomes even more obvious when they talk about democracy.

While defining economic construction as the focus of our work, the 3d Plenary Session of the 11th CPC Central Committee also decided to strengthen democracy and the legal system. The words "a high degree of democracy" were later added to the general line. "A high degree of democracy" is not only an objective for building a powerful socialist country but also an indispensable condition for achieving the four modernizations. This is an important decision the CPC made after summing up the historical experiences gained in the 30 years since the founding of the PRC. Not long afterward, however, some people cried out in alarm: "The excessive development of democracy has given rise to chaos in public order!" No sooner had democracy been developed than it was regarded as "excessive." If that is the case, can we still talk about "a high degree of democracy"? Considering themselves to be safeguarding Marxism, some people have gone so far as to regard the practice of undermining public order by a handful of people as "democracy." From this joke, we can also see that democracy is very unfamiliar to some people.

As a matter of fact, being unfamiliar with democracy often leads to detestation or fear of democracy. "Giving thought to democracy" is, after all, not so easy as "deciding everything for the people." The "four modernizations" are necessary because they can make the country strong and prosperous and the people happy. So, why should we develop a "high degree of democracy"? The first emperor of the Qin Dynasty and Emperor Wu of the Han Dynasty all once built China into a strong country, did they not?

However, they do not understand that the first emperor of the Qin Dynasty, or Emperor Wu of the Han Dynasty, and Emperor Taizong of the Tang Dynasty were all feudal emperors. In those days, in making China strong and prosperous (or making it decline), China did not go beyond the law that the superstructure must accord with the economic base. Just the reverse, it was this law which made the Qin, Han, and Tang Dynasties strong and prosperous. In those days, so long as feudal politics could meet the needs of the economic development of feudal society, the economy would be flourishing and countries would become strong and prosperous. At the same time, as long as feudal rulers did not observe the law, powerful dynasties would decline. After the first emperor of the Qin Dynasty united China, the superstructure of the dynasty used up all the manpower, material resources, and wealth that the social economy could provide. Consequently, the dynasty died out only a decade or so after its founding.

We are now building socialist modernization. If there is no high degree of democracy, which is seen as part of the superstructure, it is impossible to attain the goal.

In using old political structures to push new economic construction, there is a precedent to go by. In the last years of the Qing Dynasty, the reign advocated the slogan "Chinese culture should be taken as the basis, while the study of foreign culture should serve China's construction." Viewing the historical background of that time, this slogan was of progressive significance for a closed, backward, and arrogant China, because it accepted capitalist advanced science and technology and wanted to use them to rebuild a backward economy and national defense. However, the slogan "Chinese culture should be taken as the basis" meant that the country should be "modernized" by adhering to the ideological and political systems of feudalism. This was absolutely impossible. The superstructure of feudal society can only serve the economy of feudal society, it cannot satisfy the needs of the economy of capitalist society. This is because production in capitalist society needs a highly developed commodity economy and free business and trade, calls for breaking barriers between different regions, expels administrative interference, and needs intelligent and capable entrepreneurs who are good at competition, as well as free laborers who own nothing but can make a proper allocation of their own labor force. But all these are not permitted by the feudal political structure. Even if these conditions are permitted, the operational speed of the capitalist economy and its degree of opening up to the world can never be agreed to by the bureaucratic system of feudal government offices and their fatuous and corrupt bureaucratic practices. Therefore, the proposition that "Chinese culture should be taken as the basis, while the study of foreign culture should serve China's construction" could achieve nothing and ended in failure.

History has entered a new era. It is now no longer a period like the last years of the Qing Dynasty or the early years of the Republic of China when people were pursuing the goal of capitalism. We are now working for the realization of the four modernizations in order to build China into a modern, powerful, socialist country. The concept of a "powerful socialist country" includes a political structure with a high degree of democracy. It is unimaginable that a "socialist power" in the world can have a highly autocratic political structure. If there was such a socialist country, it would have to be something like Hitler's "state socialism," which exercised oligarchy at home and carried out barbarous aggression and expansion abroad.

More importantly, without a high degree of democracy, there will not be socialist modernization. The socialist system can bring about productivity higher than that under the capitalist system only because socialism can give full play to people's initiative and resourcefulness. Only when people are in a position to decide things can they have initiative. Therefore, the employer and the employee are quite different. In socialist society, the working people are all masters rather than employees. This is the key reason why socialism is superior to capitalism. In a socialist country, conditions exist for arousing people's initiative. However, if there is no high degree of democracy, the people will not be able to fully play the role of masters in the economic, political, and cultural fields. [paragraph continues]

In this case, even though the state can concentrate manpower, materials, and financial resources on construction through centralist leadership and achieve some remarkable results, it is still impossible to bring about a satisfactory high growth rate and to achieve the best economic results because people's initiative cannot be fully aroused (or is even suppressed in some cases).

In fact, politics cannot be divorced from the economy. If the political structure is not reformed in light of the requirements of a high degree of democracy, it will not suit the needs of the economic structural reform. In the past, we underwent many twists and turns in economic construction. Apart from a lack of experience, a major reason was the fact that our political structure was not suited to the needs of economic construction.

A lack of democracy will not only affect economic construction, but will also affect the entire social life. The "Cultural Revolution," which brought serious disasters to the Chinese nation, was actually the result of the damaging of democracy in our country.

Of course, the damaging of democracy cannot be attributed merely to some individuals' mistakes. The event itself was caused by complicated social and historical factors.

China is a country in which feudal traditions have struck deep roots.

Emperor Shi of the Qin Dynasty used force of arms to conquer other kingdoms and build the first centralist state in China's history in a vast territory where economic and cultural development was very uneven. Emperor Shi made an indelible contribution to the unification of the country. Under the historical conditions of those times, the country's unification could be maintained only by the exercise of strong autocratic rule, and there were no other alternatives. However, China at that time not only enjoyed the advantages of unification, but also suffered much from a highly centralized autocratic system of rule. The paramount and absolute power of the emperors continued to exist in China until the early years of the 20th century, along with the pyramid-style autocratic political structure.

The 1911 revolution led to the downfall of the Qing Dynasty and the founding of the Republic of China. This marked a great step forward in China's history. Many outstanding Chinese people dedicated their lives to China's step forward. It was a pity that due to the powerful influence of the feudal forces, which were backed up by foreign imperialist powers, the "Republic of China" brought hope to China for a very short time, and then became merely a false signboard. The old and new warlords continued to rule China in an autocratic way and rode roughshod over the Chinese people.

The "4 May Movement" in 1919 was a brave attempt by the Chinese people to destroy feudalism. Democracy and science were two sonorous slogans in this movement. However, this movement alone could not compeltely fulfill the task of destroying feudalism. In Europe, the feudalist tradition was not so solid and deep-rooted as that in China, but Europe still took hundreds of years to break with the feudalist tradition after the Renaissance. It is obvious through this comparison that it was impossible to eliminate feudalism in China merely through the "4 May Movement" alone.

China was a country where people had never had any experience of democracy, and China's culture and politics all bore the heavy burdens of feudalism. This was the basic situation when the CPC began to lead the Chinese revolution. Such a state of affairs could not but greatly affect China's political life and find expression in the course of the revolution.

The Chinese revolution succeeded under the direct leadership of the CPC. A group of career revolutionaries inculcated thoughts of revolution in the masses. They mobilized the masses to carry out all forms of revolutionary struggle, including organizing a revolutionary army and fighting a revolutionary war. This finally led to the liberation of the entire Chinese mainland. On the basis of the victory of the people's liberation war, the CPC, together with the democratic parties, mass organizations, and famous patriotic and democratic people, convened the People's Political Consultative Conference and organized the Central People's Government of the PRC. "Without the Communist Party, there would not be a New China." This saying sums up this historical fact.

Revolution is always a product of intensified social contradictions. The contradictions in social life provide an objective condition for revolution. Then, with some progressive elements taking the lead and mobilizing the people, the revolution will start. This is a subjective condition for revolution. Although the proletarian party itself is organized according to the democratic centralist system and has a mass line, that is not in general the actual course of the outbreak of a revolution. A revolution usually begins along a democratic course. The masses first elect their representatives from the bottom up and give them powers of leadership; then they openly launch the revolution. However, people may see another process of revolution: a small number of revolutionaries mobilize the masses from the top downward. These progressive elements have foresight, brilliant leadership ability, and revolutionary courage and resourcefulness. They can fight bravely for the interests of the people. So they win the people's trust and support.

However, when this fact is reflected in people's minds, in particular under the relatively serious influence of feudal tradition and historical idealism, it will sometimes change in this way: revolution is the product produced by these professional revolutionaries and the fruits of the revolution are granted by them to the masses of people.

During the Agrarian Revolution, Communist Liu Zhidan led the people in northern Shaanxi in carrying out their armed struggle. He was well loved by the masses of people and people wrote the following song:

On 3 March came Liu Zhidan
To northern Shaanxi. He is an upright
And honest official. He leads his troops
Up Heng Shan and fights heart and soul
For communism.

A communist was called an "upright and honest official," and then his title was upgraded to "great liberator," and he was even hailed with the slogan "long live." This shows the influence of feudal tradition. This influence is spread throughout the whole of society. Not only can the masses of people not get rid of it, but sometimes it is difficult even for some leaders to get rid of it.

After the founding of the PRC, it was very natural that the masses spontaneously felt grateful to the leaders of this revolution -- the CPC and its leaders. This was precisely an indispensable political guarantee for the development of our revolution and construction. However, if, owing to this, the communists who work at leading posts at various levels forget that the goal of the CPC is to serve the people and that they are only the people's servants, then there will be some problems.

Democracy as a political system has its content and form. Its "content" is its class nature, which means the class nature of the state power. Its "form" mean its form of organization. In other words, they mean the way the ruling class organizes its state power and exercises its rule. In studying a political system, we should first discuss its class essence. This is most important. However, we should not neglect the form of organization because "content" cannot exist without "form."

Our people's democratic dictatorship is a people's state power under the leadership of the working class. The sovereignty of the state belongs to the whole people. In order to exercise their power as masters, the people have to concentrate their will in accordance with democratic centralism and organize their forces.

Since the founding of the PRC, our people's democratic dictatorship has made very great contributions in defending our national independence, protecting the people's interests, crushing the enemy's sabotage, and organizing the socialist construction. However, a study of its content and form reveals that one of our mistakes in the past was our neglect of "form," a neglect which was sometimes done at will. We have formulated a constitution, laws, and quite a lot of regulations and rules, but in our real lives they have not established the authority that they ought to have had. This has left some loopholes for people, as individuals, to monopolize power or to "defy both law and god."

At that time, our democracy was undermined in two ways: First, the scope of class struggle was enlarged and some good people were attacked as enemies. Second, democratic centralism was weakened or replaced by the monopolizing of power by individuals.

In the first years after the founding of the country, antagonistic classes still existed. Only a fundamental change had taken place in the positions of the two sides. The exploited people became the masters of the country and the reactionary classes became the ruled. In order to protect the people's interests and to consolidate the new political power, it was imperative to suppress the resistance of the enemies. Therefore, it was natural that the role of dictatorship was given greater play.

After political campaigns such as the suppression of the counterrevolutionaries and the land reform and then the socialist transformation, large-scale class struggle was basically over within China. After this, although there were still contradictions between ourselves and the enemies which we should not overlook, a large number of social problems were contradictions among the people. The crux was how to develop a democratic style so that the people would act as masters of the country and plunge themselves into the socialist construction.

However, under these circumstances, class struggle continued to be regarded as the key link. In particular, the spearhead of the dictatorship was extended to the people and the mistake of magnifying class struggle was committeed. Many people who were masters of the country were suddenly tuned into targets of the dictatorship.

As a matter of fact, the practice of regarding the people as enemies began in 1955 in the field of literature and art. At that time, a group of people could be stigmatized as a "counterrevolutionary clique" on the basis of some "handed-over" private letters, which were given strained interpretations, from which farfetched analogies were drawn, and to which notes were added. This method set an abominable precedent in trampling upon democracy. Later, during the "Great Cultural Revolution," anyone who expressed any ideological objection, and some who did not even express any "objection" (because they never mentioned them) but were only thought to have "different views," were all faced with the danger of being reduced to targets of the dictatorship.

The minimum condition for democracy is to allow the people to air their views freely. This is stipulated in the Constitution as "freedom of speech." However, anyone who said something not pleasing to the ear (as a matter of fact, what he said was often not pleasing to the ear of a certain leader) would be immediately dealt with by means of the dictatorship. Consequently, it was very difficult to have a democratic life.

Originally, the constitution stipulates that the people are the masters of the country and stipulates the rights and duties of a citizen. However, they were not guaranteed by concrete rules and regulations or effective methods. Therefore, democracy and the legal system lacked due authority and were sometimes brutally infringed upon. According to the nature of our political power, although cadres at all levels, from central cadres to grassroots ones, do leadership work, their power is given them by the people and their destinies should be in the hands of the people. However, when democracy was damaged, things became just the opposite. Some absolutely lawless "public servants" took in their hands the destinies of the "masters." They not only could wantonly infringe upon the basic rights of a citizen, but also could stigmatize at will a "master" as a "target of the dictatorship." "The Great Cultural Revolution" was the evil development of this mistake.

The mistake of struggling against the people as an enemy was made under the conditions of an individual dictatorship. If the democratic centralism based on the principle of the minority being subordinate to the majority could be maintained, even if a mistake was unavoidable, it would not develop to such a serious degree. This is because a collective knows much more than an individual does, is more calm and considerate than an individual in making decisions and has a better ability for self-adjustment than an individual. If the principle of democracy can be put into effect in every field of political life, an individual is not allowed to force his views on others. The, strange things like wantonly trampling on the Constitution and laws will certainly not happen.

Of course, the reason why individual dictatorship can destroy democracy does not completely lie in any individual. The more profound origin of this lies in the social and historical circumstances. [paragraph continues]

As the influence of autocracy fetters some people's mind, the majority of people are forced to accept the individual dictatorship. Therefore, we should not purely have the individual in mind but strive to create conditions for realizing a high degree of democracy.

At present, China has come to a historical turning point, after all. Devoted to the principle of leading the people to become masters of the country, after summing up the historical experiences, the Chinese Communist Party has not only now concentrated on the realization of the four modernizations but also explicity proposed "having a high degree of democracy." This is because the construction of the four modernizations needs a high degree of democracy and can provide conditions for the realization of a high degree of democracy.

In the rural areas, the economy of self-sufficiency and semi-self-sufficiency has begun to transform into a commodity economy and a state of inaccessibility has been replaced by a state of opening up to the outside world. This has fundamentally disintegrated the social and economic basis for individual dictatorship. Since the adoption of the production responsibility system, the peasants, who constitute the bulk of the population in our country, have had the decision-making power in production and their own economic basis. They not only urgently demand political rights but also have economic strength, and the backing of political rights. In the past, when they did not, in fact, have the rights of labor and eating in their own hands, they did not have such a backing.

The same happens in the urban areas. The ongoing economic structural reform in the urban areas has given great impetus to the building of the socialist democracy. The strengthening of the law of value, the development of the commodity economy, the expansion of the regulation by market mechanism, the enhancement of the enthusiasm of enterprises as well as individuals have all effected deep changes in the economic life in our country. These changes have strongly demanded a synchronous development of both democracy and the legal system, while preparing conditions for them. Along with the development of the modernization construction, the social life has become lively and open and the cultural and educational levels of the people have increased and their horizons have been broadened. This is progress of the civilization of the whole society. Such progress is an indispensable condition for the building of a high degree of democracy.

In fact, in these years after the 3d Plenary Session of the 11th CPC Central Committee, with the rapid economic development, the pace of the building of democracy and the legal system has been the quickest and the most rewarding in any period since the founding of the country. In the new period, not only have the democratic rights of the people began to be protected but also all the structures and styles which are unsuitable for the four modernizations construction are now undergoing or will be undergoing reforms. Of course, this is only a beginning and quite far away from the objective of "a high degree of democracy." However, this direction has been determined and the line of the communist party of China is steadfast. This is the ultimate objective one needs in social life. Although the way will not be perfectly straight, it will not be reverted, either.

On the road leading to a high degree of democracy, there will be various obstructions. On the issue of structural systems, reform is necessary; and on personal issues, a rectification of styles or organizational handling is needed. [paragraph continues]

Those who have violated the law should be punished by law. Here, it is necessary to point out a kind of conceptual obstruction which fetters some people's mind, and is rather influential in the society, and is an ideological obstruction to our building the socialist democracy.

This influential concept is to set democracy against leadership, believing that democracy is the weapon used by the people to cope with the authorities, the weapon used by the masses to deal with the cadres, the force to weaken and disintegrate stability and unity, and even to equate democracy with anarchism. Under the influence of such a concept, a few leaders feel frightened when hearing of democracy, especially those leaders who are accustomed to acting as patriarchs who, when hearing of different opinions from people, think that people just want to go against them and make trouble, so it is right for them to put political labels on people.

This concept, to a great extent, proceeds from a consideration of the individuals' powers and positions (realistic interests). So it is hard for us to convince people with such a concept by reasoning. And it is also impossible for us to analyze this kind of realistic interest with limited space on a printed page. Now, as far as the ideology and cognition are concerned only, frankly speaking, people with such a concept are really ignorant.

Our democracy is the people's democracy and the socialist democracy. Under such a system, the people are the masters of the country and the cadres are the public servants of the country. In order to be good masters, people will naturally give their opinions. When people find out the mistakes made by leaders at a certain level, namely made by the public servants of the people, they will naturally criticize them. Isn't this the actualmeaning of the people's democracy? How can the public servants of the country feel disgusted with the criticisms given by the masters of the country?

Of course, in the development of democracy, there will naturally be different views and incorrect views as well, but what does it matter? As far as listening to the opinions is concerned, it is better for us to listen to a variety of opinions than only one opinion. When a decision is to be made, since the principle of democracy is that the minority and certain individuals will not possibly gain the upper hand -- what then should we fear?

In the development of democracy, there are bound to be some people who fish in troubled waters by carrying out activities aimed at destroying the public order and opposing the socialist country by flaunting the banner of democracy. This is not democracy but destruction of our democracy. However, these people cannot affect the overall situation because we have the law and rules and regulations which embody the will of the majority and we are capable of doing things according to the law and rules and regulations and reprimanding them by compulsory means. and, the more perfect our democracy and legal system are, the more difficult it will be for those people to fish in troubled waters so that the stability of the socialist country will be guaranteed. If we have strong confidence, we will certainly not be afraid of democracy but instead, we will urgently need democracy.

In fact, democracy does not oppose leadership, but on the contrary, democracy is the condition for correct leadership, or in other words, democracy itself is a method of leadership, to be exact. That all the people abide by the decision reached according to the principle of the minority being subordinate to the majority is a method of leadership, isn't it? Is it true that the democratic leadership which has assembled the opinions of the majority is more complete and scientific than the leadership of an arbitrary individual? It is because it has embodied the will of the majority that the democratic leadership will certainly and wholeheartedly be supported by the majority of the people. Is it true that the democratic leadership is more authoritative and more conducive to stability and unity than the leadership of an arbitrary individual?

Of course, democracy is an unhappy thing to the bureaucratists, the leaders who stick to their wrongdoings and the leaders who are divorced from the masses. Under such circumstances the leaders are not all all authoritative. However, this is not because of democracy but because of these kinds of leaders who have weakened the leadership (or destroyed the leadership). It is not the masses who have weakened the leadership. In order to solve such contradictions we should not suppress democracy, but should develop democracy and correct the mistakes and wrongdoings of such leaders. Isn't it good to have the mistakes corrected and the authority of the leaders raised? If a leader has made mistakes and still refuses to correct his mistakes, we should remove him from office according to democratic procedures. Isn't this a good method? From this, we can see that democracy is not the opposite of leadership, but a condition for strengthening leadership; this is true for a unit, a department, a region and even a whole country. If we are sincerely for the building of the four modernizations, we eagerly need democracy and wholeheartedly welcome democracy because democracy is really the indispensable political condition for the realization of the four modernizations.

MAJORITY OF GRADUATES ASSIGNED BY STATE

HK230752 Beijing CHINA DAILY in English 23 Jul 86 p 1

[By staff reporter Wang Ningjun]

[Text] This month, 69 percent of this year's university graduates start work in State-assigned jobs, a State Education Commission official told CHINA DAILY yesterday.

The 229,000 students are being largely employed by key development projects in the fields of energy, transport, communications, agriculture, education, textiles and defence, said Wang Lujiang, an official in charge of graduate job assignment.

Last year, only 23.6 percent of university graduates were assigned jobs by the State, while 63.8 percent found work through contacts between schools and employers. The practice gave universities more leeway in placing their graduates and enterprises could contact schools with their requirements.

But the system did not ensure that key industries and government units especially those in remote and backward regions receive much-needed graduates.

This year's increase in State allocation is evidence of the government's determination to reinforce the country's key projects and speed up the development of frontier provinces.

A total of 22, 684 college graduates have been assigned to work in Guizhou, Gansu, Qinghai, Tibet, Ningxia, Xinjiang and Inner Mongolia, compared with 17,000 in 1984. At the same time, another 2,000 graduates have volunteered to work in Xinjiang, Gensu, Ningxia and Qinghai -- areas with huge mineral and energy resources and economic potential.

All university students in China enjoy the guarantee of a job after graduation. But they are called upon to put the State's interests before their own and follow the government's need for a planned and rational distribution of college graduates.

The State Education Commission has called on universities to encourage their graduates to devote their talents to underdeveloped areas.

It has also issued a circular jointly with the Ministry of Public Security and the Ministry of Commerce to prohibit government units and enterprises from employing graduates who have already been assigned jobs by the State.

The circular issued on June 30 said that local public security bureaus were not allowed to provide residential permits to those graduates who refused to work in their assigned places. And anyone who tried to use "backdoor" connections to place graduates would be punished, it warned.

Various perferential treatments such as special allowances and better chance of promotion are given to those graduates working in some remote areas.

Once assigned, the students must stay in their jobs for at least five years before they are allowed to change jobs.

However, the "job market" experiment started last year at Beijing's Qinhua University and Shanghai's Jiaotong University will continue this year. Graduates there are allowed to choose their jobs with employers who select the most promising prospective employees from ther examination results.

About 21.5 percent of this year's graduates -- 67,276 people -- will also gain employment through negotiations between schools and prospective employers who have asked for college graduates and 8.1 percent, 25,343 graduates, have been enrolled as post-graduate students.

EAST REGION

ANHUI MILITARY LEADERS VISIT FLOOD HIT AREAS

OW281202 Hefei Anhui Provincial Service in Mandarin 1000 GMT 27 Jul 86

[Excerpts] In the past few days, Li Yuanxi, commander of the provincial Military District, and (Zhang Honghui), deputy political commissar, went to the disaster areas in Jinzhai and Huoqiu Counties in Luan Prefecture to view the situation and to guide the People's Armed Police Corps and the militia in flood combat and rescue work. They also conveyed the heartfelt sympathy of Nanjing Military Region leaders to the people in the disaster areas.

Torrential rains hit the Dabie Shan region recently, posing a serious threat to the lives and property of the people there. The Luan Military Subdistrict and the People's Armed Forces departments in the stricken areas swiftly mobilized and organized more than 30,000 militiamen to combat flooding and carry out rescue operations. [passage omitted]

During his insepection tour, Commander Li Yuanxi spoke highly of the indomitable heroism and selfless spirit of the People's Armed Forces cadres and militiamen of the old revolutionary base areas in launching consecutive rescue operations, and urged all PLA units of the military district and the broad masses of People's Armed Forces cadres and militiamen to emulate them by plunging into fighting floods and rescue operations, by protecting the lives and property of the people, and by helping the masses rebuild their homes and resume production. [passage omitted]

JIANGSU MILITARY DISTRICT MARKS ARMY DAY

OW281158 Nanjing Jiangsu Provincial Service in Mandarin 2200 GMT 27 Jul 86

[Excerpts] The Jiangsu Provincial Military District sponsored an entirely new sort of literary and art soiree last evening to mark the 59th anniversary of the founding of the Chinese PLA.

During the soiree, various highly entertaining programs were staged by over 200 commanders and fighters, retired veteran cadres, working staff and family members of the Military District Headquarters, Political Department, and Logistics Support Department, and the Nanjing Veteran Cadres Office.

When the performance began, choral group composed of 67 Red Army and Eighth Route Army veterans deeply moved the audience with songs such as The Guerrilla Song, There Would Be No New China Without the Communist Party, and others. [passage omitted]

After the performance, Zeng Sheng and Ye Dewang, respectively commander and political commissar of the Jiangsu Provincial Military District, presented banners to the outstanding performing units -- the Military District Political Department and the Nanjing Veteran Cadres Office.

RUI XINGWEN ON SHANGHAI GARRISON RECTIFICATION

OW250605 Shanghai City Service in Mandarin 0000 GMT 25 Jul 86

[Text] A 3-day enlarged meeting of the Shanghai Garrison District Party Committee concluded on 23 July. The meeting was held to implement the guidelines laid down by an all-army conference on the rectification of party style and to sum up such rectification in the garrison district.

In his speech at the enlarged meeting, Rui Xingwen, secretary of the Shanghai Municipal CPC Committee and first secretary of the Shanghai Garrison District CPC Committee, pointed out: It is now an important task to improve party style in order to promote healthy practices among the people. Commanders and fighters of the garrison district should continue to rectify party style and straighten out relations between higher and lower levels so as to quickly carrying out various tasks.

At the meeting, Ba Zhongtan, deputy secretary of the garrison district party committee and commander of the garrison district, summed up the situation in rectifying party style. He called on party organizations at various levels to do their work well ideologically, organizationally, and in workstyle and discipline; to make concerted efforts to strengthen leadership; and to successfully carry out the task of party rectification in the garrison district.

Ping Changxi, secretary of the garrison district party committee and political commissar of the garrison district, made a report on the guidelines laid down by the all-army conference on the rectification of party style.

ZHEJIANG'S WANG FANG INSPECTS NUCLEAR PLANT

OW280215 Hangzhou Zhejiang Provincial Service in Mandarin 0900 GMT 26 Jul 86

[Text] Accompanied by (Zhang Hongde), secretary of the Jiaxing City CPC Committee, Wang Fang, secretary of the provincial party committee, inspected the Qinshan Nuclear Power Plant and the Haiyan Shirt Factory on the afternoon of 25 July.

Comrade Wang Fang inquired about the livelihood of the workers at the Qinshan Nuclear Power Plant and the quality of the construction work. After hearing a report, he called for fostering an arduous and pioneering spirit and for stressing quality and safety. Comrade Wang Fang also went to the construction site of the nuclear reactor for an understanding of the situation.

After hearing a report by Director (Gu Zhisheng) on production and management during his tour of a Haiyan Shirt Factory Workshop, Comrade Wang Fang noted: In order to achieve better economic results, it is necessary to constantly improve management, research consumer demands, pay attention to market information; and prescribe appropriate measures. He also urged the Haiyan Shirt Factory to keep up efforts to improve worker quality and upgrade the level of modern management. Factory Director (Gu Zhisheng) replied: It is necessary to live up to the expectations of our leaders by setting up a market information network, overcoming difficulties, persisting in reform, and studying strategies in an effort to improve factory operations.

GUANGDONG VICE GOVERNOR REPORTS ON TYPHOON DAMAGE

HK290215 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 28 Jul 86

[Excerpt] On behalf of the provincial government, Vice Governor Ling Botang made a report this morning on the recent typhoon disasters and relief work at the 21st Meeting of the 6th provincial People's Congress Standing Committee.

The report pointed out that typhoon No 7 hit the coastal areas of eastern Guangdong on 11 July and typhoon No 9 hit western Guangdong, Hainan, and Zhanjiang on 20 July. These storms caused very great losses of lives and property and to industrial and agricultural production. Typhoon No 7 affected 5.36 million people. Some 8.75 million mu of farmland were flooded, over 80,000 houses collapsed, and a further 250,000 were damaged. The most severely affected areas were Meixian, Jiexi, Jieyang, Haifeng, and Lufeng, these are old revolutionary bases or relatively poor areas.

Following typhoon No 7 No 9 crossed the coast at Xuwen on 20 July. This caused great losses to the people there.

After the disasters, leaders at all levels, the masses, and PLA commanders and fighters immediately plunged into the battle to affect rescue and relief work and resume production. [passage omitted]

GUANGXI SECRETARY CALLS FOR IMPROVED PARTY STYLE

HK270229 Nanning Guangxi Regional Service in Mandarin 1000 GMT 26 Jul 86

[Excerpt] Guangxi Regional CPC Committee Secretary Chen Huiguang pointed out at a meeting of leading cadres of the regional organs that the Central Discipline Inspection Commission has demanded that provincial organs throughout the country achieve a fundamental turn for the better in party style this year, and that the whole party achieve such a turn for the better by the 13th party congress and no later than the end of next year. We must work hard in accordance with the central demands and fulfill on time the task of achieving a fundamental turn for the better in party style.

Chen Huiguang stressed that for the regional organs to achieve a fundamental turn for the better in party style this year, the key lies in strengthening leadership. The party organizations at all levels must have a high sense of responsibility and regard the work of straightening out party style as an important task.

The regional CPC Committee has decided to set up a regional leadership group for straightening out party style in order to strengthen leadership over this work. The regional CPC Committee demands that the party groups and committees of all regional organs also grasp the work of straightening out party style, with the principal responsible persons tackling this work. [passage omitted]

HENAN SECRETARY VIEWS ECONOMIC PROBLEMS

HK270143 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 26 Jul 86

[Text] HENAN RIBAO of 27 July frontpages the following report: Provincial CPC Committee Secretary Yang Xizong went to the urban and rural areas of Kaifeng City from 24 to 26 July to inspect work and provide guidance. he conveyed the provincial CPC Committee's guiding ideas on current economic work, pointing out: The current general guiding idea is that all work must be centered on economic construction and serve it. This applies to all the work of the party, government, trade unions, and CYL, and in the fields of culture, education, and public health.

Analyzing the current state of economic work, Yang Xizong stressed doing a good job in handling the following relationships:

1. As far as the whole province is concerned, we have a problem of dealing correctly with the problems of no stability without agriculture, no enrichment without industry, and no invigoration without commerce. Henan is a large province. Can we have stability if the living standards of its 70 million peasants cannot be improved? There is also a problem of switching from agriculture to other trade. Such a problem does not exist in Jiangsu. There, they recruit manpower, and many people go there to work, including many from Henan. Social conditions there are stable because their rural living standards are relatively high. We must therefore seize the key period of the Seventh 5-year Plan to do a good job in agricultural capital construction.

Our industrial development level really lags too far behind advanced areas. While developing agriculture, we must therefore, devote still greater effort to developing industry. Eighty-seven percent of the province's financial revenue comes form industry. As far as the province's finances are concerned, there is therefore a problem of no enrichment without industry. We cannot get anything done unless industry develops.

No invigoration without commerce is something that we have emphasized many times. Commerce is a weak link in Henan's economic work. The coastal regions of Jiangsu and Zhejiang pay great attention to purchase and sales work. They have adopted a protective policy for this work since the 3d Plenary Session of the 11th CPC Central Committee, and have paid great attention to building a purchase and sales force and to enlivening circulation.

In Henan, however, certain comrades who are affected by leftist and small peasant economy thinking have an extremely incorrect view of organizing commodity circulation. They think that the people of the Central Plain are wise and would rather starve to death than engage in business. They always feel that doing business is something beneath contempt.

The small peasant economy mentality is a particular hindrance to commodity circulation. We must therefore pay attention to getting rid of this outdated concept.

2. We must pay attention to correctly handling the relationship between enterprises owned by the whole people, collective economy, and courtyard economy, and also handle well the key projects during the seventh 5-year plan. As far as the whole province and a number of its cities are concerned, we must give first place to bringing into play the role of the existing enterprises owned by the whole people. They constitute the main force in Henan's economy and are our main prop in continuing to forge ahead. We must by no means neglect them.

We must do a good job of carrying out reform, organizing lateral ties, promoting the plant manager responsibility system, carrying out innovations, tapping potentials, and organizing technological transformation in these enterprises, so as to bring into full play their role as the main force.

Collective enterprises and courtyard economy should be assigned an important position at prefectual and country-level and below and in a number of cities. We stress doing a good job in collective economy and countyard economy because they are themselves the products of reform.

Again, we must do a good job of building key projects during the Seventh 5-year Plan, including key capital construction and technological transformation projects. In these lie the reserve forces for the province's economic development.

We must do a good job in handling the above-mentioned relationships, to ensure that the province's economy can enjoy relatively rapid development during the Seventh 5-year Plan.

Comrade Yang Xizong inspected some large and medium enterprises and countyard enterprises [tingyuan qiye] in Kaifeng City. He listened to the views of the managers of the Kaifeng Electric Motor Plant, the No I Woolen Textile Mill, and the Solar Power Battery Plant on factory reforms.

HUNAN MAKES 'MAJOR AMENDMENTS' TO PLAN

HK270209 Changsha Hunan Provincial Service in Mandarin 2200 GMT 26 Jul 86

[Excerpt] The provincial government announced major amendments to the province's Seventh 5-Year Plan at the panel meeting convened by the 20th meeting of the 6th Provincial People's congress Standing Committee on 26 July. The government proposed that this year and next, water conservancy construction investment should be increased by 10 million yuan a year, and that investment in this sector should be restored to the 1980 level by 1988. Construction of the coal-gas projects in Changsha and Zhuzhou Cities should cease, and the 20 million yuan planned to be spent on the Changsha project should be switched to capital construction for teacher training.

From 23 to 25 July, the members attending the provincial People's Congress Standing Committee meeting seriously examined and discussed the amendments to the Seventh 5-Year Plan and the plan for 1986. At the panel meeting on 25 July, Chairman Jiao Linyi; vice Chairmen Shi Bangzhi, Kong Anmin, and Chen Xinmin, and members (Zhang Xin), (Zhao qi), (Han Jiangzheng), (Liu Zongxing) and others made speeches focusing on the following issues: How to maintain basic balance of general social demand and supply in the guiding ideas for the Seventh 5-year Plan; and, basing work on Hunan realities, how to promote the development of productive forces by taking advantage of local strong points.

They said: The provincial government has explicity proposed as focal points agriculture, communication, energy, raw materials in short supply, and education, science, and technology. This is correct. However, there is not enough stress on agriculture and education. They also discussed the question of how, in capital construction, to persevere in working according to the proper procedures and ensure the smooth progress of key construction projects.

In view of these opinions, provincial Planning Commission Director Wang Xiaofeng was commissioned by the provincial government to report on further amendments to the province's Seventh 5-Year Plan.

Governor Xiong Qinguan said after the hearing the provincial People's Congress Standing Committee members' views and suggestions that these views were very good and accorded with the spirit of the instructions of the CPC Central Committee and State Council and with Hunan realities. [passage omitted]

People's Congress Meeting Concludes

HK280117 Changsha Hunan Provincial Service in Mandarin 2200 GMT 27 Jul 86

[Excerpts] The 20th Meeting of the 6th Hunan Provincial People's Congress Standing Committee concluded on 27 July. Chairman Jiao Linyi presided at the concluding session.

The meeting passed a resolution approving partial amendments to the province's Seventh 5-Year Plan for economic and social development and the plan for 1986. [passage omitted] The resolution also called on the People's Government at all levels to strictly implement the State Council's regulations on controlling investment in fixed assets and the circular banning indiscriminate raising of capital in enterprises and the imposing of various charges on them. [passage omitted]

The meeting appointed Chen Bangzhu as chairman of the provincial Economic Structural Reform Commission; (Zhou Kangming) as the Provincial Rural Economy Commission chairman; (Wang Mingxiang) as director of the provincial Water Resources and Hydroelectricity Department; and (Peng Ruixi) as a member of the Provincial People's Congress Education and Science Committee [passage omitted]

WAN LI COMMEMORATES 10TH EARTHQUAKE ANNIVERSARY

Unveils Tianjin Monument

OW281708 Beijing XINHUA in English 1441 GMT 28 Jul 86

[Text] Tianjin, July 28 (XINHUA) -- Vice-Premier Wan Li unveiled a monument in Tianjin today to mark an earthquake that devastated nearby Tangshan and affected this port city ten years ago.

The 19.76-meter-high monument, in a pyramidal shape and with the inscription, "anti-seismic monument" written in the calligraphy of Communist Party General Secretary Hu Yaobang, is located in the center of the city.

On July 28, 1976, a 7.8-magnitude earthquake flattened the Tangshan and claimed 242,000 lives. The earthquake shock severely damaged 70 percent of the buildings in Tianjin and killed 24,000 people. Through ten year of reconstruction, Tianjin has put on a new look with rows of buildings surrounded with trees and lawns, local officials said.

Speaking at a mass rally today, Mayor Li Ruihuan said: "We will spend ten more years to develop Tianjin into a multi-functional economic center and a modern international port city."

Attends Tangshan Ceremonies

OW281152 Beijing XINHUA in English 1148 GMT 28 Jul 86

[Text] Tangshan, July 28 (XINHUA) -- More than 10,000 people from all over China gathered here today to mark the resurgence rising of a new city from earthquake debris.

"The reconstruction of Tangshan has in the main been completed and this is the beginning for new development," the meeting was told.

Xie Feng, governor of Hebei Province, extended his thanks to all those who have supported the reconstruction of Tangshan. "The city is a symbol of the socialist cooperation," he said.

The earthquake, which took place today 10 years ago, claimed the lives of 242,000 people.

Workers of the Tangshan Iron and Steel Company unfolded a banner bearing the slogan, "Long Live the Motherland" at the meeting.

Vice-Premier Wan Li attended the meeting, and unveiled a monument together with Xing Chongzhi, secretary of the Communist Party Committee of Hebei Province.

Wan Li received provincial and local leaders yesterday evening. He said that he was glad to see that most of the homeless people in Tangshan had moved to new houses, and that orphans, widows and widowers, the aged and the injured were cared for. "Progress has been made from the pre-quake economy and other undertakings," he said. "This testifies to the superiority of the socialist system and invincibility of the people under the leadership of the Communist Party." He asked local officials to solve as early as possible the housing problem of a few residents who still live in makeshift shacks and encouraged Tangshan people to do better jobs in the future.

After the gathering, Wan Li and representatives from other parts of China toured the new Tangshan city, 73.2 square kilometers in area or two fifths bigger than the old one.

TANGSHAN SECRETARY INTERVIEWED ON ECONOMIC AIMS

OW280502 Beijing Domestic Service in Mandarin 2130 GMT 27 Jul 86

[Excerpts] A grave, devastating earthquake hit Tanghsan on this date 10 years ago. After 10 years of effort, a new Tangshan has been built on the ruins. How will Tangshan continue to progress? A reporter of this station recently interviewed Yue Qifeng, deputy secretary of the Hebei Provincial CPC Committee and secretary of the Tangshan City party committee.

On behalf of the 6 million Tangshan people, Comrade Yue Qifeng expressed heartfelt thanks to the CPC Central Committee, the State Council, and the people of the country for their concern and support.

On the plan for the development of Tangshan, he said: [passage omitted] Tangshan has more than 40 different mineral resources in the Yanshan range, a 170-kilometer coastline, over 700,000 mu of beaches, 13,000 square kilometers of fertile land, and 6 million valiant and industrious people. In addition, Tangshan is close to the capital of the country and has a relatively good industrial and agricultural production foundation. [passage omitted] With such favorable conditions, we will make vigorous efforts to speed up economic development and to have Tangshan's total industrial and agricultural output value reach 10 million yuan by 1988. We will continue to increase our economic strength and make Tangshan an advanced area of the province, or even of the country, as soon as possible. [passage omitted]

TIANJIN SECRETARY AT MEETING ON CIVILIZATION

SK221236 Tianjin City Service in Mandarin 1330 21 Jul 86

[Text] Today, the municipality held a meeting to study and discuss the strategies for building the socialist spiritual civilization. Its purpose was to mobilize and organize the forces from all quarters throughout the municipality to launch the activities to study and discuss strategies for building the socialist spiritual civilization and to work out specific plans for building the spiritual civilization during the Seventh 5-Year Plan.

Ni Zhifu, secretary of the municipal CPC Committee, spoke at the meeting. He said: We should attach strategic importance to the formulation of the municipality's plans for building the spiritual civilization during the Seventh 5-Year Plan. The improvement of the people's quality should be the basic goal of building the spiritual civilization. The activities to study and discuss strategies should be carried out with the guidance of Marxism and to suit the needs of the economic reform. We should both study the strategies for development and also solve practical problems.

Zhang Dinghua, Standing Committee member of the municipal CPC Committee, delivered a report to give specific plans for the activities to study and discuss strategies for building the socialist spiritual civilization.

COMMENTARY CONDONES LIMITING PROTECTIONISM

OW280414 Taipei Domestic Service in Mandarin 2300 GMT 24 Jul 86

[Station commentary]

[Text] Over-protection of domestic industries was again a controversial topic during a group discussion of the recent National Development Seminar. Most scholars thought that it yields more disadvantages than benefits to give industries too much protection, and that we should gradually withdraw protection to bring about normal industrial development. But government officials held that if we withdraw protection, widely open our markets and let our industries compete freely with foreign industries, our industries will surely be hurt since our production conditions are still inferior to that of foreign countries.

The scholars' views were based on theories, while government officials were handling the problem from a practical viewpoint. Both claimed to be right. In fact, we can say that there is no country that does not protect its industries, and there is no absolutely open market or zero, tariff-free competition. However, the extent and duration of protection differ from country to country. If we pursue a policy of extended protectionism with high tariffs, we will eventually be forced to change it because of foreign retaliation. With this in mind, we should consider a reducing protectionism in view of the following factors.

1. All conditions are relative, not absolute. Certain industries can develop fully in a short time, and their products have a strong competitive edge on the international market because they have a good foundation and a great deal of independence. For instance, our shoe, textile and sporting goods industries, enjoy low production costs, and will not be hurt even if we lower tariffs on foreign shoes, textiles, and sporting goods. For this reason, we should continually review and readjust our tariffs and import restrictions is consideration of the specific situation of each industry to prevent foreign retaliation on the grounds of our high tariffs.

2. In protecting industries, we should also consider the unfavorable situation of our country and our public security needs. If the United States puts forward some demands on certain issues, Japan, West Germany and Korea might give it a cold shoulder, but we might not be able to because there are too many uncontrollable factors in our foreign affairs. Considering the survival of certain domestic industries and the competitive power of their products on international market, it is unavoidable that the government will provide them with certain protection and rewards. The question is how much and how long the protection should be. The protection should be neither excessive nor too long term. An ideal way is to set a deadline and strictly enforce the required ratio of self-made parts in products and export regulations. As for the industries that do not have the necessary conditions, such as the automobile industry, they should first strive to enhance their capability in making parts and assemblies before producing whole products, such as cars. After a period of persistent efforts, they can surely occupy a proper position in international market.

The policy of liberalization and internationalization brooks no doubt. Reducing protectionism and partially opening our market is also path that we must follow in the future.

In an Executive Yuan meeting yesterday, Premier Yu gave instructions to remove most import restrictions and open our markets to all foreign goods except certain commodities and agricultural products which affect our national security, social stability or people's health, and to continue to lower tariffs. We praise this decision of major change because it clarifies whether our policy is protectionist or open market.

KMT GROUP STUDIES MARTIAL LAW, OTHER ISSUES

OW281236 Taipei LIEN HO PAO in Chinese 20 Jul 86 p 1

[Text] Taipei -- The 12-member group of the Standing Committee of the Ruling KMT Central Committee undertaking to study six political issues will soon make important decisions. It is reported that the 12-member group will give priority to resolving the institutionalization of local self-government and the issue of martial law. If everything goes well, concrete actions will be taken prior to the election of additional deputies to the central people's representative bodies by the end of this year.

Staff operation of the 12-member group is currently in full swing. Of the six issues under discussion, the legalization of local self-government, national security laws and regulations, election of deputies to the central people's representative bodies, and the organization system of civic organizations have received most of the attention.

Based on the progress of staff operation on the six issues, the issues of legalizing local self-government and martial law have made great headway over the others. A common understanding is shared by the staff of the solutions to these two issues.

It is disclosed that the plan for resolving the question of legalizing local self-government will be based on the principle that it will not require any revisions of the Constitution and its provisional articles. Current staff operation is aimed at revising the organizational laws of the provincial government and the cities and at formulating separate laws each for the organization of the provincial and city councils and the legalization of local self-government, thereby resolving the question of legalizing local self-government in an all-round way.

The solution to the question of martial law is leaning toward abolishing the martial law order but retaining martial law itself so that rapid actions may be taken when national security or social stability is seriously threatened.

In addition, staff operation is studying the feasibility of formulating a "national security law," which will include regulations on national security that currently come under the martial law system.

After the martial law order is abolished, the functions and authority of seven agencies will be affected. A special group is undertaking study of the readjustment question in this regard.

When the plans have been completed by staff operation, they will be thoroughly studies by the first sub-group of the 12-member group. After the plans are set, they will be submitted to the KMT Central Standing Committee for approval and implementation.

High-level figures of the party in power hope that, in response to the ardent expectations of the party in power by the society, concrete actions can be taken regarding the questions of local self-government and the martial law prior to the election of deputies to the central people's representative bodies.

IMPORT TARIFFS TO BE REDUCED ON HIGH-RATE GOODS

OW281726 Taipei CNA in English 1520 GMT 28 Jul 86

[Text] Taipei, July 28 (CNA) -- The Finance Ministry has decided in principle to reduce import tariffs on those import products whose tariff rates exceed 40 percent of their import values, a financial official said Monday.

The official, who asked not to be identified, said the decision was made to ease other countries' criticism of the nation's taking protective measures to prevent their products from being imported into the Republic of China.

He pointed out that the government will make a thorough review of tariff rates on all products the nation is capable of producing and which enjoy a competitive edge in international markets.

The Tariff Rates Screening Committee under the Finance Ministry has passed a resolution to lower tariffs on textile and paper products, and the resolution will be put into force after it is approved by the Executive Yuan, the official said. The Government will also complete within two months a revision of tariff rates on all import products whose tariff rates exceed 40 percent of their values, he said.

The government is expected to suffer a loss in tax revenues of some U.S. $2.2 billion (about U.S. $60 million) [currencies, figures as received] this year by reducing tariffs on silk products from 67.5 percent to 50 percent, on apparel from 60 percent to 30 percent and textile products from between 35 percent and 40 percent to between 20 and 25 percent, he said.

So far the government has not decided whether it will adjust downward the maximum tariff rate of 67.5 percent, he added.

TAIWAN CRITICIZES COMMUNIST-PORTUGAL MACAO TALKS

OW280641 Taipei International Service in English 0200 GMT 26 Jul 86

[Text] The Broadcasting Corporation of China reports from Taipei: Spokesman of the ROC's [Republic of China's] Ministry of Foreign Affairs, Cheyne Chiu, reiterated Friday that the Republic of China will not recognize any result from the talks between the Chinese communist regime and the Portuguese Government on the future of Macao. Chiu said that the ROC Government considers the communist regime as a rebellious group and thus will not accept any arrangement made in the Macao talks.

At a press meeting Friday, the spokesman also noted that the substantial relationship between the ROC and Brunei will be significantly enhanced when the two nations start flight services in August.

FURTHER REPORTAGE ON DAYA BAY NUCLEAR PLANT

Delegates Meet XINHUA Officials

HK270352 Hong Kong SUNDAY STANDARD in English 27 Jul 86 p 1

[Text] Delegates from the territory-wide anti-nuclear coalition called on the local XINHUA NEWS AGENCY yesterday to express their fears regarding the Daya Bay nuclear plant.

They also requested the news agency to make arrangements for them to go to Beijing to meet the authorities concerned.

Spokesman of the Joint Conference for the Shelving of the Daya Bay Nuclear Plant, Reverend Fung Chi-wood, said they wanted the news agency to convey to the Chinese leaders the Hong Kong people's concern over the project.

They also wished to meet the officials at Beijing to hand over the more than one million signatures collected in the past few months, all opposing the nuclear plant.

"We plan to go to Beijing sometime next month and we hope we will be able to meet the top officials responsible for nuclear policy," Reverend Fung said.

Officials from the local XINHUA NEWS AGENCY, Mr Wu Fai of the Department of Social Work and Mr Tsoi Pui-yuen of the Department of Culture and Education, assured the group that China would handle the safety aspects of the plant in the best way possible.

Mr Wu said China and France will conduct a joint safety appraisal of the Daya Bay plant in September. This proves that the Chinese government attaches the greatest importance to the matter, he added.

China will examine the issue in the most scientific and safety-oriented way, he assured the group.

He promised them that their views on the nuclear plant and their wish to visit Beijing would be conveyed to the authorities concerned there.

Plant Termed Study 'Useless'

HK280300 Hong Kong SOUTH CHINA MORNING POST in English 28 Jul 86 pp 1, 2

[By Albert Chan]

[Text] Top officials involved in the Daya Bay nuclear project said yesterday that parts of the feasibility report to be relased this week were "useless," "irrelevant" and "superficial."

The public should press the government to release the Lazard Brothers report, a merchant banking study on the controversial project, they told the SOUTH CHINA MORNING POST.

The officials asked not to be named but include directors and executives of the Guangdong Nuclear Power Joint Venture Co (JVC) and engineers from the mainland and the China Light and Power Co.

They said the five-part feasibility study had been done six years ago and much of the information was out of date.

One example was the equipment study section which examined the various types of nuclear reactors available.

"In 1979 when the report was done, Framatome emerged as the best choice. Westinghouse has since produced a more superior design," said one engineer.

Another official described the equipment study as "superficial" because it contained information from brochures supplied by the various equipment suppliers.

At the time of the report, it had not been decided which reactor manufacturer would be chosen and potential vendors would have been reluctant to release too many technical specifications, he said.

The officials agreed that by keeping confidential the vital part of the report dealing with the economics of Daya Bay, the Government would leave a significant vacuum in the public's understanding of the project.

But even the economic study was out of date, they said.

Reliable sources said the JVC, and China Light in particular, had agreed to release the report only after pressure from the Hong Kong Government and persuasion by Financial Secretary Peiers Jacobs.

However, one JVC director said: "What could really shed light on the project is the Lazard Brothers report which deals with the financial and economics aspects.

"The public should press the Government to release this rather than pursuing our outdated feasibility study."

Neither China Light nor the Chinese authorities were allowed to see the Lazard Brothers report, which was commissioned by the Government several years ago to examine the economic justification of Daya Bay.

Legislative Councillor Miss Maria Tam said yesterday her understanding was that the Lazard Brothers report was written with confidential information supplied by China Light and that the Government could not release it without the power company's approval.

She said she would clear the matter with China Light and the Government before pressing for the report's disclosure.

As for the feasibility study, two of its five parts are to be kept from the Legislative Councillors and public. The first is a summary of the study and the other examines economic aspects.

As the POST reported last week, the Chinese authorities have further censored the public version by withholding geological and metallurgical information on southern Guangdong, including maps and photographs.

It has now been learned that all the figures and dollar signs will also be blacked out.

The three parts to be made public this week are the system design report, the equipment study report and the site selection report.

Sources said the system design report, which contains information about power systems and forecasts for Hong Kong and Guangdong province, would be edited before release because some parts were "economically sensitive."

The site selection report comprises three volumes, each the size of a telephone directory.

The first two volumes are 1980 and 1982 site selection studies. The third contains geological details and will be totally withheld.

This leaves the equipment study report as the only one which will be fully disclosed.

China Light and Power Co has been given the tedious job of making 50 photocopied sets of the study with censored material deleted.

The 50 sets, which literally need a lorry and several workmen to deliver, will reach Umelco today or tomorrow.

BOC OFFICIAL ON ABOLISHING EXCHANGE CERTIFICATES

HK260320 Hong Kong TA KUNG PAO in Chinese 26 Jul 86 p 3

["Special Dispatch": "Zhao Bingde Discusses Abolishing Foreign Exchange Certificates"]

[Text] Shenzhen, 25 Jul -- Zhao Bingde, permanent director and vice president of the Bank of China [BOC], told reporters in Shenzhen on 25 July, when attending a China International Finance Company Limited ceremony to sign an agreement, that foreign exchange certificates [FEC's] may soon be abolished.

The following is the question and answer session:

Question: Can the abolition of FEC's be accomplished in the near future, or will it require 1 or 2 years?

Answer: I think it can be done soon. In any case, it will not happen tomorrow, nor on 31 December; it will be before that date.

Question: Will there be a transitional period?

Answer: I think some Hong Kong papers said in July that there would be a transitional period. However, I do not agree with that. If FEC's are abolished, then they are turned into renminbi, so what transitional period is involved? We want to restore the situation of 6 years ago. Before 1 April 1980, when people came into the interior they carried foreign currency, Hong Kong dollars, bills of exchange, and travellers' checks, all of which were changed into renminbi. So renminbi was used then!

Question: Will the FEC's be replaced by something new or completely abolished?

Answer: I think it is very likely that they will be completely abolished, and only renminbi will be used.

Question: How will the foreign exchange question be resolved for joint venture hotels?

Answer: It will be resolved by the state making foreign exchange grants.

Question: Will this cause an outflow of foreign exchange?

Answer: I think it will be an inflow. China is short of foreign exchange, and domestically it does not want more outflow; However, China wants to open to the world, and it has markets and a tourism environment. There will always be more foreign exchange coming in.

Question: Does this indicate an opening up of the money market?

Answer: That is only in the discussion stage.

Question: Could it happen that joint venture hotels will seize this chance to buy up large amounts of foreign exchange?

Answer: I think this might happen to a small extent, but there are many such things in the world and if the control methods are good, more will flow in that flows out.

Question: Do you mean that in the macro sense more foreign currency will flow in?

Answer: That depends on the entire range of state policies. Both in our economic and administrative policies, we hope that foreign exchange will come into China and do not want to see so much foreign exchange flowing out. If it does, I will not have so much foreign exchange! [sentence as published]

Question: How great is the circulation of FEC's in the China market?

Answer: About 400 million renminbi. The total issue exceeded 10 billion renminbi.

Question: What about those people with unused FEC's after they are abolished?

Answer: They can exchange them for foreign currency.

Question: What will happen to the FEC's obtained by residents of the interior on the black market?

Answer: The State Council will issue a pronouncement on this question. In any case the FEC's were obtained by exchanging foreign exchange, so of course they can be changed back into foreign currency, on a one-for-one and two-for-two basis. At present I cannot say for sure if there will be any differences in dealing with FEC's held by foreigners, Hong Kong and Macao compatriots, and residents of the interior.

FBIS DAILY REPORT
CONTENTS

China

Vol I No 146 30 July 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

Foreign Ministry Holds Weekly News Briefing A 1
  Urges Soviet Afghan Pullout A 1
  Resents Japan's Textbook Remark [KYODO] A 1
Zhao Ziyang Meets 3 Outgoing Ambassadors A 1

SOVIET UNION

Soviet Support for Kabul Regime Reiterated C 1
PRC Economic, Trade Delegation Returns From USSR C 1
USSR Poet's Death Anniversary Marked in PRC C 1
RENMIN RIBAO Commentary on Soviet Reform [26 Jul] C 2

NORTHEAST ASIA

Wang Zhen Greets PRC, Japanese Microbiologists D 1
Roundup Views ROK Constitutional Revision D 1

SOUTHEAST ASIA & PACIFIC

Film Delegation Meets Philippines' Laurel E 1
Roundup Views Philippine Financial Moves E 1

WESTERN EUROPE

PRC, FRG Sign Memorandum on Joint Plane Project G 1

MIDDLE EAST & AFRICA

'Text' of Zhao Ziyang Message to OAU Summit I 1
PRC Plans Increase in Trade With Gulf Countries [CHINA DAILY 23 Jul] I 2
Jordan's Al-Rifa'i Hails PRC Construction Workers I 3
Iraqi Leader Attends PRC-Built Dams Opening I 3
Mauritania Signs Medical Assistance Protocol I 4
Wu Xueqian at Banquet Marking Sierra Leone Ties I 4
Ulanhu Meets Ivory Coast Delegation I 4
Zheng Tuobin Attends Egyptian Embassy Reception I 4

PRC NATIONAL AFFAIRS

Regulations Ensure Safety of Daya Bay Plant [LIAOWANG OVERSEAS EDITION 28 Jul] K 1
RENMIN RIBAO on Retirement of Old Comrades [22 Jul] K 2
Fei Xiaotong on Political Structural Reform [WEN ZHAI BAO 17 Jul] K 4
Ministry of Culture Protects Reformists K 4
Central State Organs Improve Work Style K 5
WEN ZHAI BAO Urges Destroying Old Concepts [17 Jul] K 6
RENMIN RIBAO on Legal, Democratic Traditions [28 Jul] K 7
Health Ministry Issues Circular on Hospital Care K 8
    Commentator's Article [RENMIN RIBAO 26 Jul] K 8
RENMIN RIBAO: Synthesis of East-West Culture [RENMIN RIBAO OVERSEAS EDITION 27 Jun] K 10
Conference Considers Tasks of Textile Exports [LIAOWANG OVERSEAS EDITION 21 Jul] K 14
Water Shortage Delays Industrial, Farm Growth K 17
Renminbi Devaluation To Benefit Tourism K 18
JINGJI RIBAO Discusses Poor Economic Results [21 Jul] K 18
Statistics Bureau on Economic Development K 21
Statistics Bureau Says Retail Sales Prices Down K 21
State Council Circular on Transfer of Scientists [RENMIN RIBAO 23 Jul] K 22
RENMIN RIBAO on Rational Transfer of Scientists [23 Jul] K 25
Soft Science Development Serves Decision-Making K 27
Song Jian Calls for Soft Science Development K 28
Xiamen Science, Technology Center Operating K 29
Tian Jiyun Inspects Mountain, Poor Areas [LIAOWANG OVERSEAS EDITION 14 Jul] K 30
Jiangxi Television Interviews Chen Pixian K 33

PRC REGIONAL AFFAIRS

EAST REGION

Fujian Secretary Addresses Rectification Forum [FUJIAN RIBAO 19 Jul] O 1
ZHEJIANG RIBAO on People's Armed Forces Work [20 Jul] O 1
Li Guixian Inspects Anhui Flood-Stricken Areas O 3

CENTRAL-SOUTH REGION

Guangdong Leaders Thank PLA for Relief Work P 1
Henan's Foreign Trade Situation in First 6 Months [HENAN RIBAO 20 Jul] P 1

SOUTHWEST REGION

Hao Jianxiu Tour of Xizang Region Reported Q 1
    Meets Xizang Leaders Q 1
    Visits Lhasa Factories Q 2
    Urges Forestry Protection Q 2
    Stresses Tourism Development Q 3

NORTH REGION

Hebei Secretary Inspects Tangshan 6-12 Jul R 1
Nei Monggol Military District Marks Army Day R 2

NORTHEAST REGION

Heilongjiang Calls for Improving Medical Ethics S 1
Sun Weiben Speaks to Party School Graduates S 1
Jilin Secretary Speaks on Party Style at Rally S 2
Gao Di Speaks to Party School Graduates S 3
Liaoning on Downtrend of Individual Business S 4

NORTHWEST REGION

Gansu Meeting Marks Armed Forces Progress T 1
Meeting Concludes T 1
Gansu's Li Ziqi Speaks at Commission Meeting T 2
Shaanxi Issues Notice Cracking Down on Theft T 2
Qinghai Circular on Control of Deposits, Loans T 3

PRC MEDIA ON TAIWAN AFFAIRS

Second Exibit of Taiwan Books Open in Shenzhen U 1

TAIWAN

Taiwan on PRC's Separation of Party, Government V 1
Taiwan Athletes, Reporters Get Soviet Visas [KYODO] V 2
Economics Minister Comments on Trade With U.S. V 2
Taiwan Warns of Soviet South Pacific Expansion V 2

HONG KONG MEDIA ON CHINA

Report, Knowledge Raises Confidence in Daya Bay W 1
Commentary on Gorbachev's Vladivostok Speech W 2
ZHONGGUO TONGXUN SHE on Withdrawals W 2
Speech Merits 'Highest Attention' W 3
[TA KUNG PAO 30 Jul]

FOREIGN MINISTRY HOLDS WEEKLY NEWS BRIEFING

Urges Soviet Afghan Pullout

OW300740 Beijing XINHUA in English 0719 GMT 30 Jul 86

[Text] Beijing, July 30 (XINHUA) -- The key to the political settlement of the Afghan question lies in the prompt and complete withdrawal of Soviet troops from Afghanistan.

A Foreign Ministry spokesman gave this reply when asked on the Chinese Government's reaction to the statement by Soviet leader Mikhail Gorbachev July 28 about the withdrawal of some of the Soviet troops from Afghanistan by the end of this year.

The Chinese Government hopes that the Soviet Union will reach an agreement with all the parties concerned soon as possible on the timetable of the prompt withdrawal of all Soviet troops from Afghanistan, the spokesman said.

Resents Japan's Textbook Remark

OW300535 Tokyo KYODO in English 0506 GMT 30 Jul 86

[Text] Beijing, July 30 KYODO -- China resents a comment made last Friday by Japan's new Education Minister Masayuki Fujio about a controversial Japanese history textbook, but China does not intend to make further comments on the issue, a spokesman for the Chinese Foreign Ministry said Wednesday.

The spokesman, delivering China's first official statement on Fujio's remark, said, "The statement was regrettable. We resent the statement." But, he added "we are not going to make further comment on the issue considering the fact that the Japanese Government has been paying attention to the subsequent situation of Fujio's remarks," suggesting China will take a wait-and-see stance on the attitude of the Japanese Government.

Japan's SANKEI SHIMBUN reported Fujio as telling reporters that those who complain of Japan's textbook should first look back to see if they did not have a similar history. "Similar history" implies invasion of foreign countries.

Fujio's remarks came after the Japanese Government subdued a dispute over the nationalistic content of a history textbook by instructing the authors to make corrections.

ZHAO ZIYANG MEETS 3 OUTGOING AMBASSADORS

OW291110 Beijing XINHUA in English 0539 GMT 29 Jul 86

[Text] Beijing, July 29 (XINHUA) -- Premier Zhao Ziyang met three outgoing ambassadors to China here this morning. They are Salvador Ela Nseng Abegue, ambassador from Equatorial Guinea to China,, Dhimiter Stamo, Albanian ambassador to China, and A.G.O. Smitsendonk, ambassador from the Netherlands to China.

SOVIET SUPPORT FOR KABUL REGIME REITERATED

OW290326 Beijing XINHUA in English 0034 GMT 29 Jul 86

[Text] Moscow, July 28 (XINHUA) -- Soviet Foreign Minister Eduard Shevardnadze pledged here today that Moscow would firmly support the Kabul regime, according to the official news agency TASS.

In a meeting with Kabul's Foreign Minister Shah Mohammad Dost, Shevardnadze said "The Soviet Union will always firmly support the efforts" of the Kabul regime "in defending its sovereignty reliably."

The meeting was held as Kremlin leader Mikhail Gorbachev announced that the Soviet Union will withdraw six regiments of its troops from Afghanistan by the end of this year.

Gorbachev's promise to withdraw some 7,000 Soviet troops from Afghanistan came in a major speech given today in the far eastern port of Vladivostok.

PRC ECONOMIC, TRADE DELEGATION RETURNS FROM USSR

OW291414 Beijing XINHUA in English 1336 GMT 29 Jul 86

[Text] Beijing, July 29 (XINHUA) -- A Chinese economic and trade delegation headed by president of the China Council for the Promotion of International Trade Jia Shi returned here from the Soviet Union today.

During the delegation's stay in Moscow Jia Shi presided over the opening ceremony of a Chinese economic and trade exhibition and held talks with officials of the Soviet Board of Chamber of Commerce and Industry. He also signed an agreement on exchanges of economic and trade exhibitions between the two countries during the next five years.

USSR POET'S DEATH ANNIVERSARY MARKED IN PRC

OW290948 Beijing XINHUA in English 0931 GMT 29 Jul 86

[Text] Beijing, July 29 (XINHUA) -- The 145th anniversary of the death of the Russian poet, Mikhail Yurivich Lermontov (1814 - 1841), was marked at a meeting here today. Among those attending were Liu Gengyin, vice-president of the Chinese People's Association for Friendship With Foreign Countries, and Chinese writers and translators, as well as V.P. Fedotov, charge d'affaires ad interim of the Soviet Embassy in Beijing.

Gu Yunpu, associate professor of Beijing University, gave a report on Lermontov's life and his contributions to world literature.

Works of Lermontov was introduced to China at the beginning of this century. Up to now, most of his works including all his lyric poems have been translated into Chinese.

RENMIN RIBAO COMMENTARY ON SOVIET REFORM

HK300220 Beijing RENMIN RIBAO in Chinese 26 Jul 86 p 7

[Commentary by Fang Xuan: "The Soviet Reform Process"]

[Text] Since the CPSU Central Committee called for reform at its plenary session in April last year and the 27th CPSU National Congress established the streategy for speeding up economic development, more than 1 year has passed and the reform process in the political, economic, cultural, and educational fields in Soviet society is rather noticeable. Initial results have been achieved in the economic field: The downward tendency of the economic growth rate in the past 10 years and more has been reversed. The planned target of this year's industrial output value growth rate is 4.3 percent, and the actual growth rate in the first half of the this year already reached 5.6 percent; the planned target of this year's productivity growth rate is 4.1 percent, and the actual rate in the first half of this years has already reached 5.2 percent. However, the reform as a whole remains at the preparatory stage, and the Soviet leadership still holds that the reform is advancing too slowly and is confronted with many obstacles.

Since the 27th CPSU National Congress, in order to reform its economic management structure, the Soviet Union has set up the Peasants and Workers Commission, the Management Bureau of the Machine-Building Industry, the Comprehensive Management Bureau for the Fuel and Power Industry of the USSR council or ministers, and the State Commission for Computing and Information Technology, in order to coordinate the management of some related departments in the same categories and promote their exchange of technology and information. At present, one-third of Soviet companies and enterprises are operating under the new management system. They must bear sole responsibility for their profits and losses and must conduct comprehensive economic accounting. Beginning from 1 July, another group of enterprises also adopted the new management system. The Soviet leadership holds that management in light industry must be rapidly improved, and has decided that all enterprises and corporations in light industry will begin to conduct economic accounting, raise funds for themselves, and bear sole responsibility for their own profits and losses from January next year. At the same time, successful reform experiences of various localities are being spread. Estonia is advancing ahead of other areas in reform. It allows factories producing consumer goods to open shops to sell their goods in a commercial reform move, and this measure has achieved good results.

The Soviet reform has gradually spread in more departments and localities. Reform has been included in the party's routine work plan. PRAVDA and the magazine KOMMUNIST recently issued editorials and articles emphasizing the need to reform the party's work and to educate party members and people. In late May, the Soviet Union published the draft basic guidelines for reforming higher education and secondary vocational education. The document points out that technological progress and the scale and speed of the intensification of the national economy, are determined to a large extent by the professional capability of cadres. The Fifth National Congress of Film Workers, which was held recently, pointed out that most films do not have high artistic quality and analyzed the reasons for this problem. At that meeting, some people held that economic accounting should be a main principle for reform of the film production system, but the methods for commodity production should not be copied undiscriminately.

The power to approve the production of a film can be devolved to the film studios so that may bring their collective initiative into play and can put forward constructive proposals. Experiments of expanding autonomy are also carried out in drama troupes, which are now allowed to independently determine the plays and dramas for performance. Targets imposed by the upper authorities to the drama troupes have been reduced from 11 items to merely three items. On 19 June, when receiving a group of Soviet writers and artists, Gorbachev said that their country was undergoing a "period of changes," with "reform being required by the democratization of life." He said that the "ossified phenomena" must be overcome, and literary and art creations should reveal the conflicts of contradictions and the "intense struggles" for fulfilling the current reform tasks.

Since the 27th CPSU National Congress, heated discussions have been unfolded in Soviet theorectical circles. Newpapers and journals have published many articles to advocate reform and criticize the old ideas and concepts. They provide a theoretical foundation for reform. Aganbegyan, a member of the Soviet Academy of Sciences, recently published an article on reform. He pointed out that the Soviet Union must thoroughly reform the industrial management system and the new system should at least meet these three requirements: all production must be oriented to social needs; the management system must be favorable to enhancing economic efficiency and product quality and to accelerating technological progress; and the new system must ensure economic democracy and the workers' participation in enterprise management. When discussing the reform of the economic management system, many scholars have emphasized that a major problem in the Soviet economy is the fact that the management form lags behind the development of the productive forces. Abaerjin [7093 1572 1422 6855], a correspondent member of the Soviet Academy of Sciences, recently published an article in PRAVDA, saying that although the socialist relations of production have opened a broad field for the development of productive forces, such production relations still need to further improve; otherwise, economic progress will be obstructed. Therefore, flexible steps must be taken to improve all links of the socialist production relations.

Gorbachev, general secretary of the CPSU Central Committee, stressed in a speech at the National Congress of the Communist Party of Poland in June: "The reform we have been actively carrying out is all-embracing," and "We must not waste even a single day on hesitation and must accelerate our process." However, the Soviet reform has also encountered many obstacles and contradictions and cannot advance quickly. Many leading cadres at the intermediate levels still feel disgruntled and skeptical about reform or even take action to resist and disturb reform. There are a large number of cases in which reformists have been attacked or suppressed. Gorbachev criticized some leaders who "tried to protect their vested interests by every possible means." At the CPSU Central Committee's plenary session in June, he summed up the "elementary experience of reform" and emphasized that the CPSU central leadership supports all reform-oriented policies and "will resolutely fight all things which hinder this reform process." When evaluating the Soviet reform process and the situation, he said that the objective of reform and the line for the reform have been "clearly specified" and the concrete ways will be further explored through practice.

WANG ZHEN GREETS PRC, JAPANESE MICROBIOLOGISTS

OW290950 Beijing XINHUA in English 0824 GMT 29 Jul 86

[Text] Beijing, July 29 (XINHUA) -- A total of 102 Chinese and Japanese experts in applied microbiology began to share their research results at a three-day symposium here today.

In a letter of congratulations to the gathering, Wang Zhen, honorary president of the China-Japan Friendship Association, expressed his belief that the symposium would promote progress in the research of applied microbiology. "It will also contribute to the friendship between the people of China and Japan from generation to generation," he added.

Aimed at enhancing mutual understanding, and promoting exchanges and cooperation between the two sides in the coming years, biologists of the two countries will concentrate their exchanges on basic research in this field and the applications of microbiology to waste water treatment, anaerobic digestion (biogas fermentation), fermentative production of amino acids, oil exploitation, production of antibiotics and hormones, and other biological engineering projects.

Participants in the symposium are specialists and professors from research institutions, schools and enterprises of China and Japan. Among the 22 Japanese participants is Dr. Kei Arima, Professor Emeritus of Tokyo University and president of the Japanese Association of Industrial Fermentation. Among the 80 Chinese participants, most are young and middle aged; the youngest is just 23 and the eldest, 87.

The symposium is sponsored by the Chinese Academy of Sciences (Academia Sinica) with the support of the Japan Society for the Promotion of Science and Suntory Limited of Japan.

ROUNDUP VIEWS ROK CONSTITUTIONAL REVISION

OW291408 Beijing XINHUA in English 1352 GMT 29 Jul 86

["Round-up: Formal Discussion of Constitution Revision To Pave Way for Democracy in South Korea (by Gao Haorong)" -- XINHUA headline

[Text] Pyongyang, July 29 (XINHUA) -- After a long and bitter argument over revising the Constitution, South Korea's ruling and opposition parties finally have agreed to establish a special parliamentary committee to start drafting changes in the present six-year-old Constitution.

The committee, scheduled to meet Wednesday, reportedly includes 23 members from the ruling Democratic Justice Party (DJP), 17 from the opposition New Korea Democratic Party (NKDP) and five from other opposition parties.

Since the agreement was signed, the ruling and opposition parties have been locked in a sharp political confrontation over what system should be adopted to elect "state leaders."

Chon Tu-hwan, "president" of South Korea, is due to step down in 1988 after seven years in office.

The ruling Democratic Justice Party has proposed to transform the present presidential system into a parliamentary cabinet one, and is studying the Constitutions of Japan and Federal Germany.

Local observers believe that the new proposal was made for two reasons. One is the present Constitution, which placed the administrative, legislative and judicial powers in the hands of the president alone, has aroused increasing public indignation throughout South Korea. The other is that the ruling party is taking a majority of seats in Parliament, and it is very likely that the ruling party, as it believes, can still control the "Parliament" even under the proposed new system.

Although Chon has declared he will "give up political power peacefully" when his presidential term expires, the possibility cannot be ruled out that he expects to remain a "state leader," an honor position, after a cabinet system is introduced. However, the opposition New Korea Democratic Party, the largest in South Korea, is insisting on a "direct presidential election," where the people have the biggest say in who they want as a leader.

The NKDP, founded last January, is led by some old and experienced politicians and statesmen. In February, it initiated a signature campaign to press for changes in the present Constitution. More than 700,000 people so far have signed the petition.

With the nationwide movement for a political democracy, the NKDP is expected to win by large margins in future parliamentary elections, local observers said.

Kim Yong-sam, one of the NKDP leaders, said the DJP "should be well prepared to be a party not in office."

To win public support, the ruling DJP has held various meetings to propagate its ideas and to criticize the opposition-proposed direct presidential election system.

Meanwhile, the Chon administration has begun suppressing its opposition. Well-known opposition leader Kim Tae-Chung, who was put under house arrest last week for the 28th time since he returned from two years of exile in the United States in 1985, has been banned from all political activities.

However, the NKDP waged tit-for-tat struggles, including mass rallies and demonstrations, demanding a democratic system. The opposition party accused the ruling party of "attempting to prolong its rule," and warned of the possibility of a military coup or a bloody revolt if direct presidential elections are not implemented. The NKDP also demanded the release of all political prisoners, lifting arrest orders and resumption of freedom to hold political activities.

The opposition parties' persistent efforts for democracy make a formal discussion of revising the Constitution possible. But, it is only a beginning. Before a real democratic constitution is worked out, a long and heated debate will resound throughout South Korea.

FILM DELEGATION MEETS PHILIPPINES' LAUREL

OW281444 Beijing XINHUA in English 1410 GMT 28 Jul 86

[Text] Manila, July 28 (XINHUA) -- Philippine Vice-President and Foreign Minister Salvador Laurel and Mrs Laurel today received the Chinese film delegation headed by Hu Jian, general manager of the China Film Export-Import Corporation.

During the lively and friendly talk held at the vice-president's office, Laurel recalled his recent visit to China on June 15-18 and expressed his appreciation of the warm welcome and hospitality he and his party got in China.

Laurel said he was very happy to meet famous Chinese film stars here and hoped that the Chinese guests would visit the Philippines again. After the meeting, Laurel and his wife held a cocktail party for the Chinese film delegation.

The delegation arrived in Manila on July 8 to participate in the activities of the Chinese film week beginning from July 19 as part of a cultural exchange program between China and the Philippines. Seven Chinese films were shown during the week. The delegation is scheduled to leave Manila for home tomorrow.

ROUNDUP VIEWS PHILIPPINE FINANCIAL MOVES

OW291124 Beijing XINHUA in English 0654 GMT 29 Jul 86

["Roundup: Philippines, International Monetary Institutions Disagree Over Import Liberalization (by Zhao Shuyao)" -- XINHUA headline]

[Text] Manila, July 28 (XINHUA) -- Ongoing negotiations between the Philippines and two major international financial institutions for a new standby credit agreement have entered a final and delicate stage.

Since July 17, Philippine Government officials and a mission of the World Bank and the International Monetary Fund (IMF) have been haggling about three preconditions the World Bank and the IMF have imposed on the Philippines for signing the credit agreement. The two lenders would like to see tax reform, restriction of government financial institutes and freer access for imports to the Philippines.

The two sides have reached agreement on the first two preconditions, Import liberation, however, has become a "sticky issue" in the talks as it involves competing interests of the creditor and debtor.

The World Bank and the IMF have demanded across-the-board import liberalization for the Philippines that would allow access for a list of 1,235 products without prior government approval.

The Philippine Government has already eased restrictions on 842 items and will do so for another 71 products later this week. But it has asked the World Bank and the IMF for a delay in removing restrictions on the remaining 322 items, mostly finished products already manufactured locally.

However, the World Bank and the IMF have insisted that restrictions be lifted immediately on all 1,235 items, saying that otherwise new credits for the financially-strapped Philippine economy will not be possible.

That stand has aroused strong opposition from officials and in the Philippine business circles. They warn of ill effects due to the deregulation and have asked the government to think twice before making its final decision.

The Philippines is faced with a foreign debt of 26 billion U.S. dollars and the government deficit is expected to reach about 1.35 billion U.S. dollars this year. To finance the deficit, the country will need more than one billion U.S. dollars from abroad, but what has been committed so far from foreign sources comes to just 501 million U.S. dollars. This has compelled the government to ask the World Bank and IMF for loans.

Some business leaders wonder if, as the lending institutions say, decontrol of imports to the Philippines would benefit both creditor and debtor.

In a letter to Philippine President Corazon Aquino, five industry associations said that the full liberalization program "is a deliberate means for about 21 industrial countries of 149 member nations of the World Bank and IMF to make the Philippines go back to import dependence" and "will put the Philippines entirely out of place amid the growing trend of protectionism in world trade."

All major industrialized countries are tightening trade restrictions, such as quotas, quarantining and health regulations, so-called orderly marketing arrangements and licensing requirements, to hamper the entry of products of developing countries, the business leaders said. Meanwhile, they are trying to sell their excess products to less developed countries at very low prices. Such protectionist measures have already worsened the Philippines' current account balance, they said.

The letter claimed that if a developing country opens up its market fully, it will render its industries almost defenseless against the tactics practised in international business, such as dumping, under-declared amounts of home consumption, and technical smuggling.

The Philippines is currently suffering from a severe economic recession, with the domestic market having shrunk to only 40 percent of its normal level. The immediate lifting of import controls would only worsen the present problems of unemployment and industrial over-capacity.

Trade and Industry Minister Jose S Concepcion said he would resist all pressures from the World Bank and the IMF to lift all import restriction. "The Philippine Government deserves a better treatment from the World Bank and the IMF," he said, adding "We have liberalized a number of items, why can't we keep some" under control.

Recognizing all these grievances, President Corazon Aquino recently ordered a review of the import easing program. She and the cabinet must decide at their meeting this week whether to defer or allow the full implementation of import liberalization program the lenders are insisting on.

Observers here say the government faces a very knotty problem in finding an import solution that pleases both the foreign creditors and domestic industrialists.

PRC, FRG SIGN MEMORANDUM ON JOINT PLANE PROJECT

HK300138 Beijing CHINA DAILY in English 30 Jul 86 p 2

[By CHINA DAILY staff reporter]

[Text] A joint efforts is being made between China and the Federal Republic of Germany to develop a new passenger plane for both domestic and international markets.

The China National Aero Technology Import and Export Corporation has recently signed a second memorandum with Messerschmitt-Bolkow-Blohm (MBB) of West Germany to launch the joint feasibility study of the new plane.

This is the first time that China will take part in the whole process of plane manufacture with one of the world's aircraft giants -- from feasibility study to final installation -- a corporation official told CHINA DAILY yesterday.

"This will greatly boost our aircraft manufacturing capability," he said. china began manufacturing commercial passenger planes only in 1980.

The new model, accomodating 50 to 80 passengers, will be designed with advanced technology and is expected to be put on the international market in the mid-1990s.

Development of the new plane will involve a joint investment of an estimated $1 billion.

The plane, when completely loaded, is designed to fly between 1,600 to 2,400 kilometres without refueling. It can also be used as a cargo plane.

The two companies signed a first memorandum last October for the first phase feasibility study that will be completed next year.

The second phase study will take place form 1983 to 1990. At the moment, technicians from both sides are doing studies on marketing, engineering designs, sales services and co-management.

The fourth joint meeting between the two sides will be held in September in China, the official said.

According to the recent memorandum, China is to establish an office in Hamburg, West Germany, to better co-ordinate the bilateral co-operation and strengthen the relationship between supply and demand.

The chief designer of the project will be from the W. German company and the deputy designer from China.

The Xian Aeroplane Factory in China's Shaanxi Province will undertake part of the installation job but the final installation will be carried out in West Germany.

'TEXT' OF ZHAO ZIYANG MESSAGE TO OAU SUMMIT

OW300215 Beijing XINHUA Domestic Service in Chinese 0625 GMT 29 Jul 86

[Text] Beijing, 29 Jul (XINHUA) -- On behalf of the Chinese Government and people, Zhao Ziyang, premier of the PRC State Council, has sent a message to the 22d Session of the Conference of the Heads of State and Government of the Organization of African Unity [OAU], extending warm congratulations to the meeting. The full text of the message reads:

Addis Ababa

Conference of the Heads of State and Government of the OAU:

At this time when the 22d Session of the Heads of State and Government of the Organization of African Unity is victoriously convened, on behalf of the Chinese Government and people, I wish to extend to you our warmest congratulations.

Since the last OAU summit conference adopted the "Addis Ababa Economic Declaration," African countries have continued to sum up their experience and explore roads of development suitable to their respective conditions, scored gratifying achievements in their great efforts to rejuvenate the African economy. I am deeply convinced that African governments and peoples will overcome all kinds of difficulties standing in their way; fulfill step by step the great historic mission of developing their national economies, improving their livelihood, and building their countries; and make significant contributions to human progress.

Recently, the situation in southern Africa has caused serious concern in the international community. The South African authorities have further intensified their racist rule and bloody suppression of the South African people, stubbornly obstructed the independence of Namibia, and willfully invaded and harassed neighboring countries, further undermining peace and stability in southern Africa. At present, the struggle of the South African people against apartheid and the struggle of the Namibian people for national independence are steadily developing in depth, and the appeal of the international community for sanctions against the racist regime in South Africa is becoming ever stronger. With the solidarity and support of all justice-upholding countries and peoples in the world, the struggle of the South African people and the African people at large against racism and colonialism will continue to make headway until the ultimate realization of the complete liberation of the entire African continent

The Chinese Government and people will, as always, firmly support the African people in their noble cause of safeguarding national independence and revitalizing their economies and the just struggles of the South African and Namibian peoples to their final victory.

I wish the conference complete success!

[Signed] Zhao Ziyang, premier of the State Council of the People's Republic of China

[Dated] 27 July 1986

PRC PLANS INCREASE IN TRADE WITH GULF COUNTRIES

HK300454 Beijing CHINA DAILY (BUSINESS WEEKLY supplement) in English 23 Jul 86 p 2

[By He Qingquan]

[Text] After falling behind for three years running, China's trade with the Gulf countries is expected to resurge this year due to concerted efforts by the Chinese Government to expand exports.

During the first five months of this year, China exported goods worth $128.9 million to the six Gulf countries. Trade officials called the figure "a sizable increase" over the same period a year ago.

Trade between the two regions is usually heaviest in October and November every year.

The remarkable pick-up in the first five months of the year, traditionally a slower trade period, indicates "fine prospects" ahead, Li Shuilin, an official of the Ministry of Foreign Economic Relations and Trade, told BUSINESS WEEKLY.

Last year, China exported $380 million worth of goods to the Gulf. To expand exports there, China is diversifying products, centralizing administration and awarding those enterprises that have done well.

New products have spurred trade. Innovation and styling to dress up old products have enticed more consumers.

This year, live sheep, small machinery, and mini production lines are among the new items on the export list.

In the past, Chinese exports to the Gulf were primarily medium-to-low grade foodstuffs, textiles and other light industrial products.

To avoid competition among Chinese companies, which has often resulted in under-cutting prices, the Ministry of Foreign Economic Relations and Trade is assuming responsibility for planning and direction of Chinese trade with the Gulf. Export licenses are now required for major items.

Companies will receive a 10th of a yuan bonus for every U.S. dollar earned through export.

According to Li, Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain and Oman -- rich in petro dollars -- do not worry about balancing imports against exports. They are becoming "a major market" from which to draw hard foreign currency, he said.

"China has always maintained a favourable balance in trade with the Gulf countries," Li said.

In 1980, trade between China and the Gulf registered a record high of $731 million. China exported goods valued at $545.67 million that year, against imports of $186.76 million.

"The sunny period continued for two more years," Li said, "but after that, trade figures dropped drastically."

In 1983, the volume of bilateral trade fell to $344.85 million.

The official blamed the drop on the mundane styles of Chinese products, competition among the Chinese trading companies and "unrealistic" exchange rates.

"The reduction had little to do with the nosedive in oil prices," Li said.

Although the Gulf countries are receiving fewer petrol dollars nowadays, they have not curtailed domestic consumption in their nations, Li said. Austerity has mainly hit new construction.

The official noted that exports by South Korea, Singapore, Hong Kong and Taiwan to the Gulf have all increased coniderably the past three years as China's exports were falling.

Problems hindering China's business with the Gulf also include poor packaging and slow delivery.

"We are making painstaking efforts to remove these barriers as soon as possible," Li said.

China attaches special importance to trade with Saudi Arabia, even though the two countries have no diplomatic relations, Li said.

In recent years, Saudi Arabia has been China's biggest trading partner in the Gulf, with annual exports surpassing $100 million the past six years.

JORDAN'S AL-RIFA'I HAILS PRC CONSTRUCTION WORKERS

OW240150 Beijing XINHUA in English 2335 GMT 23 Jul 86

[Text] Amman, July 23 (XINHUA) -- Jordanian Prime Minister Zayd al-Rifa'i today praised Chinese building workers for doing a good job in his country in the last five years. Receiving Lu Zefu, representative of the China Metallurgial Construction Corporation (MCC) and Cao Lin, deputy manager of the Jordan bureau of MCC today, Al-Rifa'i expressed the hope that the Chinese company will gain more contracts in Jordan in the period of Jordan's current five-year plan. He said that the cooperation between Jordan and China in the field of construction would be further developed. King Husayn last May inaugurated the Tafeilleh Polytechnical Institute and inspected the housing unit for the south cement factory which were built by the Chinese company.

IRAQI LEADER ATTENDS PRC-BUILT DAMS OPENING

OW300016 Beijing XINHUA in English 2343 GMT 29 Jul 86

[Text] Baghdad, July 29 (XINHUA) -- Iraqi First Deputy Premier Taha Yasin Ramadan Tuesday attended a completing ceremony of three China-contracted Iraqi dams. He highly praised in his speech the Chinese engineers and workers for their contribution to the construction of the dams. On behalf of Iraqi President Saddam Husayn, Ramadan opened the sluice gate of one of the dams. The three dams are on Shamiya, a tributary of the Euphrates River in the southern part of Iraq. The construction of the dams started from April 1984 and completed three months ahead of schedule. After the completion of the dams, 700,000 dunums (one dunum equals to 939 square metres) of farm land will be irrigated.

MAURITANIA SIGNS MEDICAL ASSISTANCE PROTOCOL

OW230923 Beijing XINHUA in English 0709 GMT 23 Jul 86

[Text] Nouakchott, July 22 (XINHUA) -- Under a protocol signed here today between China and Mauritania, China will continue to help the West African country develop its medical services. The Chinese Ambassador to Mauritania, Cui Jie, and Mauritania's minister for health and social affairs signed the protocol, under which China will continue sending a medical team to Mauritania.

WU XUEQIAN AT BANQUET MARKING SIERRA LEONE TIES

OW291222 Beijing XINHUA in English 1042 GMT 29 Jul 86

[Text] Beijing, July 29 (XINHUA) -- C.B. Aubee, Sierra Leonean ambassador to China, gave a banquet at the embassy here this evening to mark the 15th anniversary of the establishment of diplomatic relations between Sierra Leone and China. Foreign Minister Wu Xueqian was among the Chinese officials at the function.

ULANHU MEETS IVORY COAST DELEGATION

OW250939 Beijing XINHUA in English 0703 GMT 25 Jul 86

[Text] Beijing, July 25 (XINHUA) -- Chinese Vice-President Ulanhu met a delegation from the General Union of Workers of Cote d'Ivoire headed by its general secretary Adiko Niamkey here today. The delegation has been the first of its kind to visit China since the establishment of diplomatic relations between the two countries in 1983.

Ulanhu said both China and Cote d'Ivoire are Third World countries and their workers are playing an important role in building their respective countries. They should strengthen mutual understanding and learn from each other, he added. The vice-president expressed his satisfaction with the development of bilateral friendly relations and hoped that governmental and non-governmental exchanges between the two countries would increase.

Niamkey said Cote d'Ivoire is willing to have longstanding cooperation with China and this is not an expedient measure for his country to establish good relations with China. The delegation, which arrived here July 14 at the invitation of the All-China Federation of Trade Unions, will leave here for home this evening.

ZHENG TUOBIN ATTENDS EGYPTIAN EMBASSY RECEPTION

OW231116 Beijing XINHUA in English 1058 GMT 23 Jul 86

[Text] Beijing, July 23 (XINHUA) -- Ahmad A. Salim, Egyptian ambassador to China, gave a reception at the embassy here this afternoon to celebrate the national day. Among those invited to the occasion was Zheng Tuobin, Chinese minister of foreign economic relations and trade.

REGULATIONS ENSURE SAFETY OF DAYA BAY PLANT

HK300241 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 30, 28 Jul 86 p 1

["Letter From Beijing" by Zhang Hu: "Change Is Unlikely in the Daya Bay Nuclear Plant Plan"]

[Text] Dear brother:

You letter says that some people in Hong Kong are launching a "signature movement" to express disapproval of building the Daya Bay nuclear power plant and that it is rumored that the Chinese Government has agreed to reconsider the question of building the Daya Bay nuclear power plant. You letter asks whether there are any grounds for such a rumor.

Now I can explicitly answer this question: I have learned from an authoritative source that the rumor of "reconsideration" that you have heard in sheer fiction and utterly groundless. There has been no change, nor will there be any change, in the Chinese Government's policy laid down on developing nuclear energy (naturally, including the building the Daya Bay plant). The central authorities have paid full attention to the question of the safety of nuclear plants right from the start, and have come up with strict and thorough regulations and designs. There is, therefore, no need to worry.

As you know, several of our articles, such as the "Strategic Shift in Nuclear Industry" carried in the fifth issue of this year, "Zhou Ping, Deputy Head of the Nuclear Energy Leading Group of the State Council, Answers Questions From Our Reporter" carried in 21st issue, and "Construction of Qinshan Nuclear Power Plant Is Underway" carried in the 27th issue, have made full and accurate reports on China's policy on developing nuclear energy, as well as the guarantee for its safety.

The day before yesterday, in a government department, I saw a document stamped with the seal of the State Council of the PRC -- "The State Council's Written Reply to the Four Safety Regulcations Regarding Safety in the Choice of Site, Design, Operation, and Quality Guarantee for Nuclear Power Plants." The document, officially made public by the State Council on 7 July 1986, fully shows the great importance the state has attached to the questions of quality and safety in developing nuclear power plants.

There are a number of facts that can eliminate people's doubts over the construction of the Daya Bay nuclear plant:

First, the State Council has approved the promulgation of regulations regarding safety in the choice of site, design safety, operating safety, and quality guarantee safety for nuclear plants. The government's concern for people's safety for nuclear plants.

Second, the State Council has specially established a Nuclear Safety Bureau for the purpose of ensuring safety matters, to make strict examination and exercise on-the-spot supervision of nuclear plant design, construction, and operation. This is a powerful and independent safety supervisory organ, which has a number of high-level experts on its staff.

Third, the government is currently formulating and perfecting rules and regulations regarding activities in the nuclear field, to ensure that there are laws that can, and must, be followed and will be strictly enforced and that violators will be prosecuted. This is the legislative guarantee.

Following the accident at the Chernobyl nuclear power plant, it is entirely understandable that people should have some doubts about nuclear safety. Merely explaining the great importance the state has attached to nuclear safety will perhaps be still unable to remove people's doubts. However, when I leafed through the detailed, thorough, scientific, and specific regulations adopted by the Nuclear Safety Bureau regarding safety in the choice of site, design, operation, and quality guarantee for nuclear plants, some doubts that I had also entertained were cleared up. For example, Chapter Four, "Assessment of the Design Standards Regarding Specific External Accidents," of the "Regulations Regarding Safety in the Choice of Site for Nuclear Plants" formulated by the Nuclear Safety Bureau, provides the principles for assessing the design standards for various external, natural accidents, such as floods, waves, surface breaks [di biao duan lie 0966 5903 2451 5933], unstable slopes, surface collapse, subsidence, or swelling, earthquakes, liquefaction of the base earth [ji tu 1015 0960], tornadoes, typhoons, sandstorms, mud-rok flows, and other major natural phenomena and extreme conditions. It even provides design standards for the safety and production measures that should be taken to deal with the possible effects on, and destruction of, nuclear power plants caused by plane crashes, chemical explosions, the plant site's parameter affecting long-standing heat ejection by the core, and other major artificial accidents. One may well say that the regulations are thorough, detailed, and scientific. That is to say, there are corresponding safety and protection measures for all possible threats to nuclear plants. What is there to fear? The regulations regarding design safety, quality safety guarantee, and operating safety for nuclear plants also set down a set of systematic, complete, strict, scientific, and detailed provisions, demanding that design, construction, operating, and managerial personnel strictly observe them as they do the law. Should we still entertain doubts about such thorough safety measures?

Yours truly,

Zhang Hu

[dated] on the evening of 17 July

RENMIN RIBAO ON RETIREMENT OF OLD COMRADES

HK290656 Beijing RENMIN RIBAO in Chinese 22 Jul 86 p 1

[Commentator's article: "A New Problem for the Old Comrades"]

[Text] In recent years, over 1 million old cadres have been withdrawn from the front line, and meanwhile over 400,000 middle-aged and young cadres have been selected to take up leading posts above the county level. Such a large-scale and orderly supersession of the old by the new is unprecedented in the history of our party and the People's Republic.

These retired old comrades have made contributions in the revolutionary wars, the socialist revolution and construction, in bringing order out of chaos after the "Cultural Revolution" and even in the realization of the Sixth 5-Year Plan. Now, they are once again using their actions to make new contributions to the abolition of the de facto life-long tenure of official posts and the implementation of the principle of the "four transformations" of the cadre force. Speaking of the new flourishing situation in our country today, people will never forget the historical contributions made by the old cadres.

Withdrawing and retiring from the intense and busy work of the front line is a great change for the old comrades. The party organizations and the current leading cadres at all levels should care for the old comrades and help those who are temporarily unaccustomed to this change gradually adapt themselves to it, so as to make their life after retirement substantial, rich, and meaningful.

According to surveys in some localities, most of the retired comrades are still in good health and they mostly worry about having nothing to do and staying at home idle. What should be done about it? Undoubtedly, it is necessary for organizations to make some arrangements. However, it is obviously impossible for them to take care of everything. Therefore, it is more important to encourage the old comrades to make adequate arrangements for their own daily life and find themselves some suitable work in the light of the actual conditions and their physical conditions. As many of the old comrades have their own familiar fields, specialities, and hobbies, there are so many things for them to do. For example, those people who have rich experiences of struggle can compile and write things about this field; those people who have been engaged in a certain work for a long time and have accumulated valuable experience can earnestly sum up their experiences; those people who enjoy reading books can do more reading or even write books; those people who like calligraphy, painting, or singing can practice their penmanship, draw pictures, or organize choruses; those people who have special skills can provide consultancy services to the society; those people who are interested in the education of young people or neighborhood work can throw themselves into these activities, and so on. In sum, the old comrades have a vast scope to display their talents. In the light of their own conditions, they can make suitable arrangements. It is important for them to use their energy and spirit in activities beneficial and necessary to the society rather than placing themselves in a closed state isolated from the world.

Comrade Hu Yaobang once astutely observed that after their retirement, the old comrades will begin to enter a new stage of "joining the revolution." The characteristic of this new stage is not to get involved with making decisions, issuing directives, and giving orders, but to gear to the needs of society, the masses and grass-roots units, to be involved in the capacity of ordinary citizens and party members as well as the capacity of influential citizens and party members in the society. This point should never be taken lightly! Many old comrades feel that after their retirement they can play roles which they could not possibly play during their tenure of office.

Of course, as far as the old comrades are concerned, enjoying good health and longevity is very important. However, they should know that "it is never too late to learn." They should pay attention to the way to keep themselves in good health, which includes three aspects: First, to build up their physique by participating in some sports; second, to attain mental tranquility by maintaining an optimistic, progressive, and broad-minded mental outlook; and third, to pay attention to diet and strike a proper balance between work and rest. Some of the retired old comrades are not in good health or are sick all the year round. Their most important task is to regain their health and cure their sickness.

Although many of the old comrade have already left their posts, they are still very much concerned about the front-line work. This is understandable. Comrades who are currently occupying the posts should extend a welcome to them when these old comrades want to make some suggestions or make some conditions known. Therefore, it is hoped that the old comrades take care not to deliver vague and general speeches on work but try to do as much investigation as possible before they put forward some practical and effective opinions. In making known facts about things or people, they should strive to proceed from the facts. Only by doing so can they achieve better results and make their speeches more substantial.

With the development of the situation and the passage of time, in the coming few years there will still be a large number of old comrades withdrawing from the front line one after another. After their retirement, how should these old comrades arrange and manage their life well? This is not only a new problem for them but also a new problem for the whole party as well as the whole society. We should earnestly sum up our experiences in this aspect and more effectively solve this problem.

FEI XIAOTONG ON POLITICAL STRUCTURAL REFORM

HK300242 Beijing WEN ZHAI BAO in Chinese No 330, 17 Jul 86 p 1

["Summary" From 8 July issue of RENMIN ZHENGXIE BAO [CPPCC JOURNAL]: "Fei Xiaotong Discusses Political Structural Reform"]

[Text] Fei Xiaotong, vice chairman of the CPPCC, who accompanied Hu Yaobang on his European tour, recently talked about China's political structural reform. He holds that it is time now to raise the question of reform of the political structure, which should add new contents to the relationship between party members and non-party members and between the party and the masses. Our revered Comrade Fei said: The recent tour with our general secretary was not a personal matter. We can regard it as a sign of the reform of China's political structure. Subjectively, I did not feel any difference between me and a CPC member during the visit.

He continued: The key to the reform of the political structure is the realization of socialist democracy. He used "double-track politics" to vividly explain that both tracks from the higher to the lower level and from the lower to the higher level should be unimpeded. In other words, there should be full communication between the higher and lower levels. We must create a concrete structure to realize a high degree of democracy so as to achieve unanimity between the higher and lower levels.

MINISTRY OF CULTURE PROTECTS REFORMISTS

HK291103 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0332 GMT 29 Jul

[Report by reporter Wang Haixi: "Gao Zhanxiang Says That Those Who Make Mistakes in Cultural Reform Will Be Protected"]

[Text] Nanchang, 29 Jul (ZHONGGUO XINWEN SHE) -- While exclusively interviewed by this reporter, Vice Cultural Minister Gao Zhanxiang said: The new leading body of the Ministry of Culture will implement an enlightened policy toward cultural reform. Just as other people do in the economic field to protect those who made mistakes in reform, we will also protect those who made mistakes in reform in the cultural field.

Gao Zhanxiang expressed the above-quoted views to this reporter when he was attending a "Summer of Lu Shan" cultural fair.

Gao Zhanxiang added: One of the lessons paid in blood is that people suffer. Once people made a slight mistake, they were severely repudiated, and then punished and dismissed from their posts. The new leading body of the cultural minister will not carry out this "leftist" practice, or make people suffer. The situation that "spring wind blows in spring, autumn wind blows in autumn and winter wind blows in winter" will never occur again.

he said again: Although he has taken up the post of vice cultural minister for 4 and 1/2 months, he still takes part in the discussions of the writers' association, as a member of the organization. He himself supports the controversial, new, absurd Sichuan operas "Pan Jinlian" and "Magic." [mo fang 7621 2455]

Gao Zhanxiang pointed out: Due to the influence of traditional concepts, force of habit and bureaucracy, there are truly many difficulties in the present cultural reform. People do not pay too much attention to the achievements in the cultural field. However, once problems have occurred in the cultural field, everything will be in a bad way. In the past, when certain problems arose in society, they were attributed to a certain movie, drama, or novel in the cultural field. It was irrational. He urged various cicles in society to support cultural reform and the efforts to blaze new trails in the cultural field. In particular, those who failed in the cultural reform should be forgiven, and treated fairly.

With regard to the opening up and introducing things foreign in the undertakings, Gao Zhaniang stated that cultural reform and prosperity have demanded that we boldly implement a policy of opening up to the outside world, and introduce new achievements in the cultural and ideological concepts from foreign countries. Of course, excellent Chinese cultural heritage is unshakable. We believe that it has strong capacity to abosrb and assimilate foreign culture. In the process of speeding up cultural exchanges between China and foreign countries, we will naturally find traditional excellent cultural links between China and foreign countries. We will make them serve us to create a new culture with the fragrance of our times.

Gai Zhanxiang also revealed: To develop culture and promote reform, the ministry of culture has officially issued a notice on the public performance of 80 traditional Beijing operas, Pingju, Sichuan operas, and so on, which were banned by the state since 1953, to meet the demand of a different audience.

CENTRAL STATE ORGANS IMPROVE WORKSTYLE

OW300300 Beijing XINHUA Domestic Service in Chinese 0229 GMT 27 Jul 86

[By reporter Zhang Yanping]

[Text] Beijing, 27 Jul (XINHUA) -- Following the meeting of 8,000 cadres of central organs last January, departments under central state organs have scored remarkable successes in improving their workstyle. They have eliminated unnecessary meetings, improved meeting efficiency, and resolved practical problems with actual deeds. Records of 26 departments show that a total of 390 meetings were cancelled during the first 6 months.

Leading comrades of many departments have taken the initiative in helping grass-roots units solve their problems. During the first 6 months, state organ cadres at and above departmental- and bureau-level units made a total of 6,298 trips to grassroots units. Of these trips, 1,105 were made by vice ministers or higher-ranking cadres. After heading investigative teams at over 20 locations in 5 counties in the Dabie mountain district, Song Jian, minister in charge of the State Scientific and Technological Commission [SSTC], proposed that scientific and technological means should be adopted to help impoverished localities fight poverty. His proposal was later transmitted throughout the country by the General Office of the State Council. Heading several groups of cadres, Cui Naifu and Yang Chen, minister and vice minister of civil affairs, visited border checkpoints, sentry posts, caves, and families of border inhabitants on the Yunnan and Guangxi fronts to boost the fighters' morale and study their situation. Working together with the PLA General Political Department, they properly settled the housing problems of the families of cadres and fighters, and their efforts have won very favorable comments from both the military and the civilian authorities. The minister, four vice ministers, and three advisors of the Ministry of Urban and Rural Construction and Environmental Protection conducted a 3-month study at over 100 units in more than 20 provinces, municipalities and autonomous regions. The "Opinions on Hangzhou's Development Plan," "Report on the Investigation and Handling of the Construction of High-Rise Guesthouses in Guilin," and other reports Minister Ye Rutang submitted after conducting a 31-day investigation in Chengde, Lanzhou, Guilin and Hangzhou were hailed by central leading comrades.

When meetings were necessary, departments of the central state organs made sure that they produced practical results, and that there were no unnecessary expenditures for food and drink, sightseeing, or souvenirs. A meeting, sponsored by the SSTE Cooperative Projects Bureau and attended by 12 units, lasted only 1 day at the bureau director's office. The meeting achieved its anticipated results without spending any money. A meeting convened by the Construction Bureau of the Ministry of Textile industry at the Hubei Chemical Fiber Plant to discuss designs was the same as the one held last year in terms of nature and size, but the expenditures for the meeting dropped to approximately 1,000 yuan this year from over 5,000 yuan last year.

During the first 6 months, the number of meetings called by organs of the Ministry of Machine-Building Industry was 32 percent fewer than that of the same period last year, and related expenditures were 28 percent lower. The Ministry of Public Security had previously planned to hold 53 meetings this year. Now it has reduced the number of meetings to 14. To date, the ministry has spent only 8 percent of its meeting budget, or 84 percent lower than that of last year.

WEN ZHAI BAO URGES DESTROYING OLD CONCEPTS

HK300240 Beijing WEN ZHAI BAO in Chinese No 330, 17 Jul 86 p 1

[Article by WEN ZHAI BAO Materials Office: "Party Members Should Destroy Concepts of God and Buddha, of Ancestors, and of Small Peasant Mentality"]

[Text] A central leading comrade recently pointed out: In transforming the traditional concepts in the countryside, the following three major concepts cannot be easily changed: 1) the concept of God and Buddha, or belief in deity; 2) the concept of ancestors; and 3) the concept of small peasant mentality. [paragraph continues]

Communists should break with the traditional ownership systems and simultaneously break with the traditional concepts. Some of our party members, league members, and cadres still believe in Buddha. They build ancestral temples and engage in gambling and other superstitious activities. On the question of traditional concepts, it is particularly necessary to break with the view of small peasants. Some veteran comrades who rendered meritorious service during the democratic revolution have found it difficult to suit themselves to modernization. Originally, some achievements were made and they adapted their thinking to the new situation through 2 or 3 years' efforts; but restricted by their limited knowledge and skills, they can easily take the road back at the mere rustle of leaves in the wind or when we encounter difficulties, such as disasters caused by hail or drought. There are often setbacks in the readjustment and in introducing advanced technology. This does not mean that our policies often change, but means that their old ideology and traditional concepts have made them change.

RENMIN RIBAO ON LEGAL, DEMOCRATIC TRADITIONS

HK291230 Beijing RENMIN RIBAO in Chinese 28 Jul 86 p 5

[Article by Yu Chi: "The Proposition 'China Has No Legal Tradition' Is Incorrect"]

[Text] In some comrades' articles, we may often see an argument that "China has no democratic and legal traditions." I think the proposition that "China has no democratic tradition" is absolutely correct, but the proposition that "China has no legal tradition" is not completely appropriate.

Comrade Dong Biwu once said: The so-called legal system is, simply speaking, a system of law. There were legal systems in ancient China, and particularly in China's feudal society, and they were quite perfect. It can be said that they were of long standing and well-established.

As is known to all, as early as the late spring and autumn period, in the state of Zheng, and the state of Jin, a legal code was cast in relief on an iron tripod. In the early warring states period, Li Li, prime minister of the king of Weiwen, codified a "statute book." Most sections of the code were lost, but six tables of contents have been left. After Shi Huang Di, first emperor of the Qin Dynasty, united China, he not only formulated a criminal law, but also established a series of "systems" in production and people's life. On the basis of the "statute book," Xiao He, prime minister of the Western Han Dynasty, added three chapters to it, thus formulating a "9-chapter law." Soon after his accession, Yang Jian, known as Emperor Wen Di of the United Dynasty, proclaimed a "criminal law." The "penal code" issued by the Tang Dynasty contains 502 clauses with a detailed explanation of each clause; it is believed that this is the most complete feudal statute book in our country. In addition to this, the Tang Dynasty also issued an administrative law known as a "6-chapter code of the Tang Dynasty." After the Tang Dynasty, the Song, Yuan, Ming and Qing Dynasties all had their own criminal codes. The Kuomintang [KMT] Government also published a "6 law book." From the above historical data, we may see that the argument that China has no capitalist legal tradition is correct, but the sweeping proposition that "China has no legal tradition" is not correct. China has a legal tradition of feudalism. It is well established and is still poisoning people's minds.

Then, where does the proposition that "China has no legal tradition" come from? In my opinion, this is because the concept of "rule by law" has been used and is being used by the bourgeoisie. Therefore, some of our comrades are unwilling and dare not to use the term, and they have to replace the proposition that "there is no tradition of rule by law" by that of "there is no legal tradition."

There has been no tradition of rule by law in China. Legal specialists of the early Qin Dynasty did not put forward the concept of "rule by law." They came up with the idea which was somewhat similar to rule by law, but it was impossible for them to advocate real "rule by law," because they overemphasized the "supreme power of monarchs" and because they stressed that law was a tool of emperors and laid emphasis on absolute monarchy. Therefore, they were in no position to exercise "rule by law." The feudal empires of the Qin Dynasty and other ensuing dynasties all paid much attention to the law and took it as an important means to safeguard feudal rule. However, their feudal law was based on feudal society, it was regarded as a priviledged law, and emperors placed themselves above the law, it was of course impossible for them to "rule their countries by law." When the KMT dominated China, it also boosted "rule by law," but it actually enforced a feudal fascist rule. During that time, special agents rode roughshod and arrested and killed people at will. When people had no freedom and democracy at all, where was the possibility of "being ruled by law"? Therefore, the proposition that China "has no democratic and legal traditions" is not clear and appropriate; it must be said that China "has traditions of democracy and rule by law."

HEALTH MINISTRY ISSUES CIRCULAR ON HOSPITAL CARE

OW261016 Beijing XINHUA in English 0726 GMT 26 Jul 86

[Excerpts] Beijing, July 26 (XINHUA) -- The Ministry of Public Health has urged all hospitals in China to improve their service, drawing lessons from the death of a critically injured northeast China worker who had been denied a bed by seven hospitals.

In a circular reaching XINHUA today, it called for more education of medical workers in the importance of professional ethics. And such education should be conducted regularly, it said.

The circular also called for work to simplify the procedures for accepting patients for hospitalization. [passage omitted]

Doctors and nurses at the seven hospitals are now discussing how to avoid incidents like this in the future, said today's HEALTH JOURNAL. But the paper did not say what had become of the doctors directly responsible for Huang Yaoqing's [as received] death. [passage omitted]

Commentator's Article

HK291020 Beijing RENMIN RIBAO in Chinese 26 Jul 86 p 1

[Commentator's article: "The Lesson on the Case of Huang Qingyue"]

[Text] After having a fall and being seriously injured, Huang Qingyue, a worker in Harbin, rushed about for 19 hours and was refused by seven hospitals for treatment. Finally he died at the door of a hospital. This was a shocking incident for medical circles, and for all other circles as well. It exposes some defects of our work and our system. [paragraph continues]

In order to draw a lesson from this, we must act in accordance with the following instructions of the central leading comrade: We must make efforts to overcome the defects in our system and in social ethics.

The profession of doctor has always been regarded as a lofty profession in all countries. Doctors must have good medical ethics. They are duty-bound to heal the wounded and rescue the dying and to develop humanitarianism. Any doctor who refuses to heal the wounded and rescue the dying is condemned in all societies. Ours is a socialist country, and serving the people is the fundamental purpose of all our trades and professions. Keeping a patient in critical condition outside the door can under no circumstances be allowed.

However, in the Huang Qingyue incident, it is difficult to find out who is to blame. All the seven hospitals which refused to take the patient can tell of all kinds of difficulties and give explanations. It is true that at present, many hospitals in large and medium-sized cities do not have sufficent beds and equipment. According to an investigation by the Ministry of Public Health, about half of the patients who should be hospitalized are not hospitalized. It will take time to thoroughly solve the problem regarding the difficulty of hospitalizing patients, which requires great attention of the governments at all levels and the support of various social circles. But this does not mean that under the current conditions, the hospitals can indiscriminately refuse to take dying patients. As a matter of fact, the potential of many hospitals has still not been tapped. The reason for this incident is that there are some defects in our management system. For example, some hospitals are good at treatment but do not have sufficient beds, while some others have sufficient beds but are not good at treatment. Why can the two not join hands with each other? For another example, at present, many hospitals are not implementing the responsibility system or do not have a perfect responsibility system. Thus, when a patient is not well treated or is not treated due to the seriousness of his case, no one can be found to be responsible. These defects can be overcome only through reform.

Some good systems have been established through the reform. But the important thing is to adhere to them and to carry them out conscientiously. Harbin is the first city implementing the "responsibility system for hospitals treating emergency and priority cases." Unfortuantely, the tragedy of Huang Qingyue just took place there. This shows that some people have actually neglected the measures of our reform or have just done something perfunctorily.

From this incident people can also see how harmful it will be if the people engaging in social services lack enthusiasm and a sense of social morality. Doctors and nurses have to do a lot of work everyday. They must be very tired. Moreover, they have many difficulties in their work and life. However, since they are working at these posts, they should perform their duties well and should have professional ethics. They should never be careless and adopt an attitude of better doing less than doing more. Still less should they neglect their duties. Otherwise they will surely be condemned by their conscience and by the society. We are building socialist spiritual civilization today. A basic requirement for the building of socialist spiritual civilization is to make all people possess a sense of social morality. Only when people have this sense of social morality and the spirit of serving society and thinking of others, can they perform their duties well.

The Huang Qingyue incident is a tragedy that should not have taken place. But since it has happened, we must conscientiously examine the case and seriously ponder the question so that it may become a lesson for us. Not only the medical units in Harbin, but the medical circles throughout the country, as well as all trades and professions, should learn a lesson from this.

RENMIN RIBAO: SYNTHESIS OF EAST-WEST CULTURE

HK161430 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 27 Jun 86 p 2

["Special commentary" by Wang Shubai, professor of Xiamen University: "Inheriting Chinese Traditions and Culturally Opening Up to the Outside World" -- capitalized passages published in boldface]

[Text] "Hegel once said that all the world's great historical events and figures could be said to appear twice. He forgot to add that the first appearance is a tragedy and the second, a comedy." ("Selected Works of Marx and Engles" Vol 1, p 603) The "Cultural Revolution" launched in our country 20 years ago is a monumental tragedy in modern superstitution; 10 years later; a one-act comedy summoning the dead soul of "personality cult" was featured. However, the idiom of philosophers is, "Do not cry, do not laugh, but try to understand." (Spinoza) The forum on truth as the standard ended the tragedy and comedy, and ushered in an era for serious summary of experiences and lessons as well as carrying out theoretical rethinking.

The 3d Plenum of the 11th CPC Central Committee gave a high appraisal of the discussion on truth as the standard, and reestablished the ideological line of seeking truth from facts and emancipating the mind, enabling our socialist cause to be gradually liberated from its "leftist" shackles. The opening up and reforms in the economic field has propelled the development of socialist commodity economy and rapidly penetrated all realms of the superstructure, shaping into a natural trend for change throughout society. Along with adpatation of real changes, the peoples' understanding of change has also moved from a superficial to an in-depth level. In recent years, men of insight from the academe have tried to dig for the profound reasons that caused the historic tragedy as well as search for a path of advancement from an overall point of view and from a wider cultural background. Thus, a great mass fervor to study traditional Chinese culture and open up to the outside world unfolded, and for a while, it resembled the animated atmosphere during the 4 May period when a hundred schools of thoughts emerged and contended with one another.

At present, there are generally the following viewpoints on the question of Chinese and Western cultures:

THE FIRST VIEWPOINT INSISTS ON CLOSING UP. People who espouse this view admit tht China lags in material civilization, but refuse to admit its backwardness in spiritual civilization. They think that with Marxism-Leninsim-Mao Zedong Thought as theoretical guide, our country's spiritual civilization has always been advanced. Since the implementation of the policy of opening up, they lamented heavy heartedly: "Materially, things have improved, but spiritually, they have declined." The solution they propose is to set up defenses at every level to resist the corrosive influences of bourgeois ideology and safeguard the purity of Marxism; they would even prefer a return to the enclosed state held by the "two whatevers" concept.

THE SECOND VIEWPOINT IS THE CONCEPT OF "TOTAL WESTERNIZATION." Through criticism of the "two whatevers" and repudiation of the "Cultural Revolution," a minority went to the other extreme of total rejection of Marxism and Chinese cultural traditions. They admire Western material civilization and lifestyle and are not short of enthusiasm for the introduction of new trends in Western philosophy and of modern scientific information. However, they have no interest in the study of China's national conditions nor as in the exploration of a path towards socialism with distinct Chinese characteristics. In essence, the "total Westernization" they pursue is total capitalism.

THE THIRD VIEWPOINT ADVOCATES "NEO-CONFUCIANISM." As a reaction to criticism of Confucianism, reevaluation of Confucius and Confucianism has become an increasingly attractive subject. Lectures by the country's elderly scholars and overseas Chinese professors were, for a while, quite in vogue. While they may differ in position, viewpoint, and method, they share a common point: They have great interest in Confucius and Confucian philosophy. Some people replaced the old theme of "China's cultural direction" from 60 years ago. Some called for rehabilitation of the Confucian school of idealist philosophy of the Song and Ming Dynasties. Still others expounded that "neo-Confucianism" should be the core for the building of spiritual civilization, seeking to use the East's "Confucian capitalist model" to resolve the crisis of the Western capitalist world.

THE FOURTH VIEWPOINT IS THE CONCEPT OF "WESTERN STUDIES FOR THE FRAMEWORK, CHINESE STUDIES FOR THE APPLICATION." For years, the concept of "Chinese studies for the framework, Western studies for application" has always been considered by some as the spiritual dike to resist opening up to the outside world. Thus, some scholars countered by proposing "Western studies for the framework, Chinese studies for application." They believed that modern material civilization comes from the West and that Marxist and modern scientific theories are all crystallization of Western culture. In this sense, the way of the future should be "Western studies for the framework, Chinese studies for application" -- that is, the integration of the ontology of social existence and the growing awareness of this ontology with China's realities. This is an entirely new concept of framework and application and openly supports opening up and reforms.

These viewpoints are relatively representative of current thoughts. The closed-door viewpoint is primarily held by some cadres, while that of "total westernization" enjoys considerable support among some young people. However, both are obviously one-sided and thus could not openly take their place in the academic circle. "Neo-Confucianism" is like old wine in a new bottle. While it may sound very impressive in theory, it is still contradictory with the times and spirit of socialist modernization. The concept of "western studies for the framework, Chinese studies for application" is in the right direction for boldly advocating opening up, while at the same time paying attention to integrating with national conditions. Nonetheless, the incorporation of Chinese and Western culture into the spheres of "framework and application" still appears not absolutely appropriate.

From a Marxist point of view, the difference between Eastern and Western cultures could be attributed to many sources, but the main one is that they were formed differently on the basis of commodity economy and plantation economy, respectively. Today, what we often witness is the clash of traditional culture with the demands of socialist modernization. [paragraph continues]

The patriarchal clan doctrine of "heaven, earth, emperor, parents, and teacher" formed on the foundation of the petit peasant and feudalism; the hierarchy system governing relations between higher and lower levels, between superiors and subordinates and others; the Confucian philosophical system of "obedience to Confucius in the academic world and to the emperor outside this world"; the nationalist concept of closing the country to international intercourse, respect for Chinese things and resistance of foreign objects; the autocratic politics and rules dealing with relations among different entities of society, etc -- these are negative factors left over in the nation's cultural traditions. During the unprecedented 10-year period, these things burst out like an array of colorful germs and brought about unheard of calamity upon our natiopn. In recent years, while the "Cultural Revolution" has been "thoroughly repudiated," the germs that induced it cannot be rooted out overnight. Just as Comrade Hu Yaobang said: "There are still more leftovers from petit-peasant economy and the feudal patriarchal clan system. There are also some from the bourgeoisie. Some of our comrades usually carry on their petit-peasant, feudal habits and criticize some modern things as bourgeoisie lifestyle and liberalism. This is not right. In the Chinese people's thinking, what was left over from thousands of years are primarily petit peasant economy and patriarchal clan thinking." (Hu Yaobang's speech in 1984 inspection tour of Nei Monggol. See LIAOWANG weekly 1984 issue No 44) this except sums up the experience and lessons of the tortuous development of China's socialist construction and pinpoints the source of conflict between traditional culture and the demands of socialist modernization.

Since the founding of the PRC, we have always been very vigilant in the criticism of bourgeoisie ideology, yet very lax on the negative effects of traditional culture shaped by petit-peasant and feudal foundations. Notably after the basic completion of the three great socialist transformations, the "Great Leap Forward" launched in 1958 was essentially the elimination of commodity economy and the transition into socialism and communism through poverty. The result was major retrogression in economy and culture. Since the 3d Plenum of the 11th CPC, the gradual implementation of opening up to the outside world and of reforms as well as the development of commodity economy under macroeconomic planning, to push forward socialist construction, have rapidly borne results. Socialist construction consists of material and spiritual civilizations. Earlier, the emphasis of opening up and reforms is in material civilization, that is, in the economic and technical aspects. As for spiritual civilization, including the fields of philosophy and culture, whether to implement policies of opening up and reforms has always been a controversial issue. The early reformist from the late Qing Dyansty, Wang Dao, advocated: "Use means of production to safeguard doctrines or moral conception," "Means of production should be imported from the West, while our own doctrines must be upheld." Today, the 100-year old doctrines and means of production have undergone enormous changes. However, there are still some people who propose that in the building of material civilization it is necessary "to introduce the science and technology of the west," while in the building of spiritual civilization, it is necessary "to set up defense at all levels to safeguard our own moral conceptions." Due to the contradiction in these two concepts, the building of material civilization and the development of socialist commodity economy will naturally meet numerous subconcious opposition from traditional culture and may even fall into a crippled state.

Again, in the debate on Chinese and Western cultures during the late Qing dynasty, Tan Sitong put forward: "If the means of production have changed, how can the doctrines not change? ...Doctrines are not the exclusive possession of the learned nor of China...The foreigners also have them." ["Collection of Thoughts at Yinyuntai -- a Reply to Bei Yuanzhen"] He pointedly criticized the viewpoints held by the diehards that "doctrines should not change, nor should means of production" and that of the pro-westernization faction who contended that "means of production may change but not doctrines," thereby providing forceful philosophical argument in favor of opening up the domain of spiritual civilization. Today, Tan's "Collection" continues to enlighten us on the current debate on Chinese and Western cultures. Social existence, including material civilization, corresponds to the category of "means of production" under traditional philosophy, while social consciousness including philosophy and culture corresponds to that of "doctrines." Doctrines and means of production are mutually dependent on one another and cannot do without the other -- this is the principle of materialism. On the building of material civilization, we implemented policies of opening up and reforms and developed the socialist commodity economy. Could spiritual civilization, which is interdependent with material civilization, remain unchanged? Since the domain of spiritual culture is not the exclusive territory of past and present Chinese learned men, is it not necessary that opening and reforms be similarly introduced?

Tan Sitong and his fellow reformists pinned their hopes on a "sage" without powers. Without considerable material support from society, their reform inevitably failed. Today, we are in a new era of socialist modernization and construction. After the bitter lessons learned from the "Cultural Revolution," the party leadership and the people deeply realized that closing up offers no future. Be it the material or spiritual aspect, only by implementing policies of opening up and of reforms can a path for progress be opened. For the building of spiritual civilization, it is necessary to handle well the relationship between carrying forward Chinese traditions and opening to the outside world, and trying to ensure that our socialist spiritual culture will not only be modern, but also have Chinese characteristics and become a true propeller and spiritual prop for the building of material civilization.

We propose opening up in all directions. Vertically speaking, it is the integration of the past and the future. To inherit the past means to critically absorb the best of Western culture, while at the same time, to thoroughly search for and inherit the fine traditions of the national culture. Facing the future necessarily means the exchange and integration of Eastern and Western cultures. The major changes in modern science and technology, as well as the deep conflicts they brought upon social life and the resulting series of changes in traditional Western philosophy and the concept of culture. For instance, modern analytical research applied in scientific knowledge is shifting to research of the organic whole; the theory of struggle for existence shifting to the theory of balance of nature; one-sided pursuit of material civilization of the external world shifting to emphasis on harmony of the spiritual structure... In such changes, not a few scholars begun to stress the need to absorb the positive factors from Eastern culture and readapt and supplement them to modern Western culture structure. For example, China's ancient dialectical thoughts are extremely rich and are the link between Marxism and China's cultural traditions. Then again, Chinese thinking of the organic whole could shed light on how modern science, on the whole, could handle the diversified development of the world. [paragraph continues]

Based on the harmony of the individual and the collective in Chinese culture, it is possible to study the underlying reasons behind the development of East Asian industries. These observations may not be accurate but are worthy of more thorough study.

Today, China's socialist modernization and construction is marching in steady strides into a new historical period. One of the distinctions of this new period is the repudiation of the policy of closing form within and without, as well as the implementation of the policy of opening up to push forward reforms and the overall development of socialist material and spiritual civilizations. What we seek is a path leading to socialism with Chinese characteristics. Hence, simultaneous with opening up, it is necessary to pay very close attention to the analysis of China's own conditions and its cultural soil. We deeply felt that the negative factors in China's traditional culture have become huge obstacles opposing reforms and the progress of modernization. On the other hand, without thorough research and transformation, it is difficult for the fine traditions in Chinese culture to be merged and molded into a powerful spiritual force propelling moderization. The study of China's conditions and the analysis of its cultural soil are extremely important, delicate work and should not be left idle.

Lenin said: "Only by using all the knowledge created by mankind to enrich oneself can one become a communist." ("Works of Lenin", Vol 4, p 348) Whether it be Western learning or Chinese cultural traidtions, one must not swallow them whole without digesting. It is necessary to use the needs of socialist modernization as the yardstick and to conscientiously examine, circticize, and reform both Western and Chinese learning so that they may be adapted to serve our purpose. In order to crease a vibrant new socialist culture with distinct Chinese characteristics, it is imperative to have guidance of Marxism, to abandon the either-one-or-the-other-but-not-both way of thinking, to shatter the fixed setup on East-West culture, to select from these two cultures elements favorable and rational to our country's socialist modernization,and on the basis of separating these elements, synthesize and reform them. In this way, the building of material and spiritual civilizations in the entire socialism would develop soundly under a harmonious state where doctrines and the means of production complement each other and are inseparable.

CONFERENCE CONSIDERS TASKS OF TEXTILE EXPORT

HK280744 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 29, 21 Jul 86 pp 14, 15

[Article by Zhuang Kaixun: "China's Textile Exports Are Faced With New Tasks"]

[Excerpts] The recently held conference attended by managers of China import and export companies across the country disclosed that from January to May of this year, the export volume of China National Textiles Import and Export Corporation and its affiliated companies reached U.S. $2.22 billion, an increase of 41.4 percent over the U.S. $1.57 billion recorded in the corresponding period of last year. The total volume of business increased by 41 percent over that of the corresponding period of last year. The export volume of clothes, which indicates the improvement of the structure of textile exports, reached U.S. $0.55 billion, an increase of 35 percent over that recorded in the corresponding period of last year. Some 0.3 million tons of cotton were exported during this period, an increase of 49,000 tons of cotton over the total amount of cotton exported last year; China has now become the second biggest cotton exporting country, second only to the United States. [paragraph continues]

From January to May of this year, the export volume of chemical fiber textiles reached U.S. $0.367 billion, a 50 percent increase over that recorded in the corresponding period of last year; the export volume of cotton yarn and cotton cloth reached U.S. $0.55 billion, a 45 percent increase over that in the corresponding period of last year; the export volume of knit cotton goods reached U.S. $0.42, a 41 percent increase over that in the corresponding period of last year, and the export volume of cotton linen yarn increased by nearly 200 percent, the fastest increase among all the other increases.

When analyzing the situation concerning this year's textiles export, Zhou Yunzhong, general manager of the China National Textiles Import and Export Corporation, pointed out: Because of the drop of oil prices on the world market, China's export of petrochemical products has suffered some losses in its foreign exchange earnings. As far as the present situation is concerned, it is hardly possible for the export of petroleum products to increase greatly; the export of other commodities, such as grain, oil, and food products will not increase greatly, either, because of a big domestic demand for these products. Although the export of mechanical and electrical products has good prospects, it will take time for China to develop these products. So, the export of light industrial products and textile products has become the priority. As far as the situation on the international market is concerned, because of the drop of oil prices and the drop of energy costs, the purchasing power of advanced countries will increase, which will naturally increase the demand for textiles. "How to keep abreast of the needs of the new situation and expand the export of textiles," said Zhou Yunzhong, "is the new task faced by China's textiles export at present."

To Strengthen Lateral Economic Combines Is the Basis for the Expansion of Exports

The development of lateral economic combines is a new stage in the present urban economic reform and also the main contents of the current reform of the management structure of China's foreign trade.

A batch of good models have emerged in the reform of China National Textiles Import and Export Corporation and its affiliated companies. The characteristics of these models are that industrial enterprises have established lateral ties with foreign trade enterprises through various forms, which have achieved some economic results and expanded export sources. The experiences of Tianjin Swan Woollen Blanket Integrated Import and Export Company and Hunan Limonene Flax Integrated Import and Export Company are good examples. [passage omitted]

Zhu Youlan, assistant minister of foreign economic relations and trade, pointed out that it is imperative to remove the barriers between different regions and different departments and develop lateral economic combines. Not only combines between industrial and trade departments and different regions but also between ports, between ports and localities, and between different types of foreign trade companies. The guiding ideology of the reform of the economic structure is to invigorate the foreign trade enterprises and the industrial enterprises.

To Stablize the Hong Kong and Macao Markets

This year, China's textiles have found a better sale than last year on the Hong Kong and Macao markets. In the first half of this year, the mainland's volume of business with Hong Kong and volume of export to Hong Kong showed a big increase compared with that in the same period of last year. [paragraph continues]

According to the statistics of China National Textiles Import and Export Corporation, from January to May, the mainland's volume of textiles export to Hong Kong reached U.S. $0.67 billion, a 67 percent increase over that in the same period of last year. And it is estimated that the volume of textiles transported to Hong Kong in the first half of this year might reach U.S.$0.8 billion. As far as the major items are concerned, the export volume of cotton yarn, cotton cloth, T/C yarn, T/C cloth, flax and blend flax and yarn, staple rayon yarn, blend cloth, cotton knitwear, shuttle-knit clothes, and so on, is bound to increase greatly in the future.

However, there is now a serious problem of "parallel goods" on the Hong Kong and Macao markets. According to incomplete statistics, parallel cotton yarn that enters Hong Kong through abnormal trade channels now accounts for about 30 percent of the total amount of the cotton yarn exported to Hong Kong from the mainland and its prices are relatively low. The problem of interference of "parallel cotton knitwear" also exists on the Macao market.

The national conference of managers of China's import and export companies believed that in the second half of this year, when exporting textiles to Hong Kong, China should pay particular attention to stabilizing the market, strengthening the management confidence of agents, and stabilizing the prices of major commodities. In order to realize this, China must further strengthen its management of the Hong Kong and Macao markets. [passage omitted]

The Principle of China's Textile Export Is To Win Customers With High-quality Products

General Manager Zhou Yunzhong said: The key to expanding China's textiles export is to raise the average unit price. In other words, the principle of China's textiles export is to win customers with high-quality products and China should pay attention to the variety, design, and color of its products.

Last year, the average unit price of the clothes exported by China was U.S.$35.4 per dozen, while the average unit price of clothes made in Hong Kong was U.S.$62 and the average unit price of clothes made in South Korea was U.S.$57. The average unit price is the symbol of quality. Because most of the clothes exported by China are still medium-grade and low-grade products, their prices remain low.

On today's international market, the method of relying on low prices to compete with others has become outdated. The commodity competition is not only manifested by price competition but also, more importantly, by competition of such factors as quality, fashion, date of delivery, post-sale service, and so on.

How to improve the quality of textiles exported by China? The key still lies in adopting a complete set of measures to encourage export and arousing the enthusiasm of production enterprises and foreign trade enterprises. [passage omitted]

General Manager Zhou Yunzhone told reporters that the textile export of developing countries is faced by a common problem, that is, the trade protectionism adopted by advanced countries which exercise a quota system in their textiles import. Therefore, on the one hand, we should try to obtain reasonable quotas, and on the other hand, we should also see that the quota system is mainly aimed at restricting the import quantity but not the amount of money involved in the import. So, as long as we make efforts to raise the unit price of textiles for export under limited quotas, we will surely be able to earn more foreign exchange.

WATER SHORTAGE DELAYS INDUSTRIAL, FARM GROWTH

OW252355 Beijing XINHUA in English 1434 GMT 25 Jul 86

[Text] Beijing, July 25 (XINHUA) — Chinese Minister of Water Resources and Electric Power Qian Zhengying today called on the entire nation to save water and use the country's fresh water resources rationally.

Speaking to a group of Chinese reporters here this morning, Qian said that the current water shortage has become a factor holding back the growth of industry and farm production in some areas. In addition, it is having a deleterious effect on the environment and affecting people's life and health.

"Taking measures to alleviate the present water shortage brooks no delay," she said. Efforts must be made to help people have a clear picture of the country's water resources and the importance of water conservation, the minister stressed..

China has a total of 2,800 billion cubic meters of freshwater annually, she said, adding that the per capita figure is only one-fourth of that of the international level and the distribution is quite uneven.

In some densely populated areas, the water shortage is even more acute, she said, citing the Hai He and Luan He basins in northern China, where the per capita amount of water resources is only 430 cubic meters, less than that in the arid Arabian Peninsula. Besides, she added, northern China also suffers from periodic dry spells, and this is similar to the case in the African continent.

Though only 17 percent of the country's water resources have been developed and used, the minister noted, almost all the water resources are used in dry years in the densely populated and economically developed areas such as Beijing and Tianjin, and Hebei and Shanxi Provinces, as well as some coastal cities.

Some areas have to pump an excess of underground water to meet their needs, she added. This has caused a drastic drop in the underground water in some regions, sinking of the ground and the permeation of sea water.

Speaking of the country's long-term water supply and demand, the minister said that measures must be taken to save water. Though per capita water consumption in China now is 460 cubic meters, about 60 percent of the world figure, the waste of water is very serious, she said. Only 20 to 30 percent of the water is recycled in many industrial enterprises, though in some cases 60 percent is recycled, and still some have not done anything in this regard, Qian said.

A total of 32 billion cubic meters of waste water is discharged annually in China. But only 2.5 percent is recycled and used; this is particularly low in farmland irrigation, which takes up 85 percent of the country's water consumption. "Therefore, there is great potential for water conservation," she said.

The Chinese minister called for a strict plan for water consumers, which should include supply quotas, and circulating and recycling percentages.

Efforts should be made to grow more drought-enduring crops, improve ground irrigation facilities and farmland water conservancy projects, and develop sprinkling and other water-saving irrigation techniques according to local conditions, she continued.

All households should use water meters, and efforts should be made to develop, upgrade and promote the use of water-conserving devices, she added.

She also urged the government to put more money into the country's water development program so as to build more waterworks. Economic levers, laws, policies and administrative means should continue to enforce tight control of water supply management.

RENMINBI DEVALUATION TO BENEFIT TOURISM

KH290417 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0854 GMT 25 Jul 86

[Report: "Han Kehua Suggests That Devaluation of Renminbi Will Benefit the Development of Tourism"]

[Text] Beijing, 25 Jul [ZHONGGUO XINWEN SHE] — At today's news conference, National Tourism Administration Director Han Kehua said that in the long run the devaluation of the renminbi will have a positive influence on China's tourism.

Han Kehua added: Actually, the fact that the renminbi has been continuously devaluated in recent months has attracted more foreign tourists to China. The change of the exchange rate of the renminbi this time will further stimulate the development of China's tourism.

Asked by reporters whether comprehensive tourist service charges in China would, of course, be readjusted. However, if the rise of commodity price index at home and the drop of exchange rate were taken into consideration, tourist charges would not go up.

Han Kehua did not reveal the specific time and margin for readjustment of tourist charges. However, he stressed that considering China's capability of receiving tourists and consumption power of tourists, China's present tourist charges will not be higher than those of the Hong Kong and Macao region, Southeast Asian countries, or Japan.

Han Kehua maintained that after the change of the exchange rate of the renminbi, the Chinese tourist industry was facing a problem of preserving foreign exchange. Due to devaluation of the renminbi, he revealed, China's income in foreign exchange from tourism last year dropped by 300 million. It was expected that income in foreign exchange from tourism would also be affected during the latter half of this year.

JINGJI RIBAO DISCUSSES POOR ECONOMIC RESULTS

HK290552 Beijing JINGJI RIBAO in Chinese 21 Jul 86 p 2

[Article by JINGJI RIBAO observer: "What Is the Crux of the Problem of Economic Results in Industry at Present"]

[Text] The general situation in China's industry this year is good. Light industry and heavy industry have developed in a well-coordinated way; the production of energy and raw materials have grown steadily; marketable products of textile and other light industries have increased substantially.

However, the economic results so far are not satisfactory. The tax and profit contributions made by state-owned industrial enterprises in the first half of this year decreased by 2.2 percent from that in the same period of last year; the costs of comparable products increased by 4.2 percent; and business losses incurred by enterprises increased by 720 million yuan as compared with the same period of last year.

The main task for all industrial departments in the second half of this year and in a longer period to come is still to make great efforts to improve their economic results. What then, is the crux of the problem of economic results in industry at present?

For a long time in the past, the growth rate of industrial production had a great influence on the economic results of industry. The statistics of the state-run industrial enterprises show that in the period of the First 5-Year Plan, the gross industrial output value increased by an average of 18.2 percent each year, and the tax and profit contributions increased by an average of 25.1 percent each year; in the period for the Second 5-Year Plan, the two figures were 3.8 percent and 3.4 percent; in the period of the Third 5-Year Plan, they were 11.7 percent and 8.8 percent; in the period of the Fourth 5-Year Plan, they were 9.1 percent and 4.3 percent; and in the period of the Fifth 5-Year Plan, they were 9.2 percent and 9.3 percent. A typical characteristic of this type of economy is the synchronous changes in the industrial growth rate and the increase rate of the industrial taxable incomes and profits.

Through analyzing the industrial economic results in the past months of this year, we also find this characteristic: The growth rate of the industrial taxable incomes and profits may fall alongside the growth rate of industrial production. In the first half of last year, the industrial growth rate was 23 percent, and the tax and profit contributed by industrial enterprises increased by 20 percent, in the first half of this year, the two figures were 4.9 percent and 2.2 percent. This fully shows that our industry has not been changed from a growth rate pattern to an economic efficiency pattern. The economic mechanisms which guide the enterprises to seek high growth rates of output value at the expense of economic efficiency are still functioning and playing a dominant role. This is the crux of the problem of industrial economic results.

Admittedly, reform has expanded enterprises decision-making power and has given play to the market mechanisms to a certain extent. This has certainly increased the profit-oriented motivation of the enterprises. However, we have not fundamentally changed the traditional system which governs the activities of enterprises. For example, government functions have not been separated from enterprise functions. The production and operations of many enterprises still have to follow the orders issued by the administrative departments at the upper level. If the leaders at the upper level have a partiality for a high growth rate of output value, the subordinate enterprises will have no choice but to increase output value without regard for their economic results. In particular, when there is a seller's market and supplies are short, the enterprises will also be able to increase their profits by increasing output value. In this case, it is even more profitable to increase production than to raise product quality and lower production costs. Therefore, many enterprises like to expand their production scale to increase their output value so as to achieve the purpose of increasing profits. In these circumstances, once the state exerts control over the scale of capital construction and the supply of funds so as to restrict the growth in industrial output value, the enterprises will immediately lose incentive for increasing their profit.

Of course, the continuous operation of the speed-type economy, which brought about the present unsatisfactory economic results is not only supuported by the economic mechanisms of the old structure, but can also be attributed to such factors as the irrational production structure and technologies. Some phenomena in a certain reform phase and in some localities have also caused problems in the economic results of industrial enterprises. For example, an obvious fact is that the price reform may lead to the rises in prices of raw materials and fuel for some time, and this will add to the costs of some industrial enterprises. According to an investigation made by a department concerned in 171 industial enterprises in Guangzhou, Chengdu, Chongqing, Wuhan, and 6 other cities, about 80 percent of the additional expenses were caused by raw material price rises between January and September in 1985. This state of affairs still exists in many enterprises to varying degrees this year. In addition, the rise in tax rates, interest rates, and depreciation rates, the imposition of new taxes, and the readjustment of wages and price subsidies may all affect enterprise profits. But this is also a phenomenon in the transition period. With the passing of time, prices will become relatively stable, and the specific influence on enterprise costs will gradually disappear. Another obvious fact is that the quality of some products has also declined along with the slowdown of growth and the drop in economic efficiency. In the first 5 months this year, the rate of product quality enhancement in state-owned enterprises fell by 9.4 percent as compared with the same period last year. In the past, many comrades liked to say that the high speed of production could have unavoidable effects on the product quality. Now, production has been slowed down, but why has product quality also deteriorated? Should we consider the decline in product quality is closely related to economic results, and the changes in these two things belong to the same category.

Meanwhile, since last year, in the course of rapidly slowing industrial production, we have not taken corresponding steps to readjust the enterprise structure by "closing, merging, stopping and changing the production" of the enterprises which are backward in technology and which produce poor products at high costs. When the backward enterprises are allowed to continue their production, advanced enterprises will not be able to obtain sufficient supply of raw materials and fully exploit their production capacity. This will hinder the enhancement of social economic results to a certain degree.

In addition, some problems in wage readjustments in enterprises and the relaxation of management have also affected the growth of production and the enhancement of economic results.

In short, poor economic results are a problem that has existed for a long time, and the crux of this problem is the fact that we have not yet built up a set of efficient economic mechanisms. Obviously, it is unrealistic to try to change this state of affairs in a short time. However, if we merely treat symptoms but not the disease, we will not be able to find a fundamental solution for this problem.

STATISTICS BUREAU ON ECONOMIC DEVELOPMENT

OW290340 Beijing XINHUA in English 0152 GMT 29 Jul 86

[Text] Beijing, July 29 (XINHUA) -- Rapid development of the collective and private sectors of the economy is making life more convenient for the people and providing more chances for the unemployed, an official of the State Statistical Bureau told XINHUA today.

Compared with 1980, the official said, the urban work force has increased 21.7 percent, of which the employees in the collective enterprises increased 32.9 percent, and the employees of individual businesses, 4.5 times. Collective and private employees make up 30 percent of the urban work force, up from 24 percent.

In the countryside, collective-owned farmland, total value of agricultural yield, and the agricultural and side-line output cover 97 percent of the country's total. And the total income of township-run businesses make up 30.5 percent of the rural income. A rapid growth has also been seen in the contribution of collective and private workers in the industrial economy. The growth rate of production value they created was much higher than that of the state sector. However, the official said, the state-owned economy is still in the leading position in the nation's economic construction.

The retail turnover of state-owned enterprises amounted to 174 billion yuan, covering 40 percent of the country's total; the industrial production value of the state-owned ones reached 70 percent.

STATISTICS BUREAU SAYS RETAIL PRICES DOWN

OW281711 Beijing XINHUA in English 1453 GMT 28 Jul 86

[Text] Beijing, July 28 (XINHUA) -- The retail sales prices in China have been slowing down since the beginning of this year, according to the State Statistical Bureau.

There was a big increase in the prices of non-staple food in 1985 when the government relaxed price control to tap production potential of the peasants and other producers of non-staple food.

The average price increase of retail goods for the first six months this year was 5.5 percent. The government's goal was to restrict the increase within six percent. The increase in June was merely three percent, an official of the bureau said.

The prices of meat, eggs, fowl and vegetables have been stable and even declining in some regions, he added. The official attributed the achievement to the overall managment of prices from the production bases to the markets.

But he also warned that with the increase in the cost of raw materials of light industry and the rising of production cost, prices of some daily necessities and books will continue to go up during the rest of this year.

STATE COUNCIL CIRCULAR ON TRANSFER OF SCIENTISTS

HK281546 Beijing RENMIN RIBAO in Chinese 23 Jul 86 p 3

[Reporter: "The State Council Issues a Circular on Promoting the Rational Transfer of Scientific and Technological Personnel"]

[Text] On 9 July, the State Council issued a "Circular on Promoting the Rational transfer of Scientific and Technological Personnel." The full text of this circular is as follows:

Since the State Council issued the "Provisions on the Rational Transfer of Scientific and Technological Personnel" in 1983, various localities have done a great deal of work and gained new experiences in promoting the rational transfer of scientific and technological personnel. The gradually initiated rational transfers of talented people have played a positive role in disseminating new technology, developing the urban and rural economies, and promoting science and education. However, some problems still have to be overcome in some areas and units. Generally speaking, as the work of transferring scientific and technological personnel has just started, the major problem at present is that the channel for transferring scientific and technological personnel is still blocked and the practice of neglecting, wasting, and misplacing talented people has not been fundamentally overcome.

Reforms of the structures of the economy, science, technology, and education, and experience in our work over the last few years require us to gradually reform the scientific and technological personnel management system and to promote the rational transfers of scientific and technological personnel for the purpose of bringing their role into full play and serving the four modernizations. Herewith, a circular is issued with regard to the problems concerned:

1. People's governments at all levels and departments under the State Council should strengthen leadership over the rational transfers of scientific and technological personnel, strive to create a favorable environment where people can best utilize their talents, endeavor to seek talented scientists and technicians, and encourage those people whose talents were previously neglected, wasted, or misplaced to work for enterprises and units requiring their skills or where their skills can be better utilized. In a situation where priority is given to the state's key construction projects and major scientific research projects, it is necessary to encourage scientific and technological personnel to go to the industrial and agricultural production fronts, to support small and medium-sized enterprises as well as township enterprises, and to improve enterprises' ability to carry out technical reform and technical exploration. Also, it is necessary to support scientific and technological personnel in moving from cities to the countryside, from large to small cities, and from the hinterland to remote areas.

Personnel departments and scientific and technological personnel management departments at all levels should do a good job in organizational coordination and management according to the state's relevant policies, laws, and regulations. Through allocation and recruitment by the organization, it is necessary to dredge the channel of distribution, to overcome excess personnel and vacancy problems, and to improve the distribution and composition of scientific and technological personnel.

Various localities should actively promote scientific and technological personnel exchange services. Organizations in charge of talented personnel exchange services and scientific and technological personnel exchange services should actively supply information on job opportunities, build a bridge between employers and job seekers, and help promote a rational flow of talented people between trades and units.

2. Enterprises and institutions should gradually form a system for recruiting people with specialized skills. On the basis of their personnel structure and quota, units instituting this system should recruit scientists and technicians either internally or from outside. According to state regulations, the employing unit has the right to hire or not and the individual has the right to accept or refuse the job offered. Both sides should abide by the employment contract they have signed. Neither side is allowed to terminate the contract unilaterally. At the expiration of the contract, both sides can discuss whether to extend it or not. Proper arrangements should be made for scientists and technicians who are not recruited. They should encouraged to work in units which need them more or where their skills can be utilized better.

The number of scientists and technicians in poor regions and remote areas as well as of teachers in middle and primary schools (including secondary professional schools) in all parts of the country should not be reduced but increased in a planned way instead. Other regions and units are not allowed to recruit scientists, technicians, or teachers in these regions or schools without permission.

Scientists and technicians working in units where the recruitment system has not been instituted, or where they feel their talents are not being properly utilized, may submit their resignation. However, they should submit their resignation in writing to the units, which are required to reply within 3 months after receipt of their resignations. During the period after approval of their resignation and before their depature from their units, they should complete the handing over procedures. Their length of service in new units should include that before their resignation and after their employment in new units.

Scientific and technological personnel should abide by state policies, regulations, and labor discipline and not leave their posts without permission. All units should strictly observe state personnel management regulations in employing scientific and technological personnel, and should, on the merits of each case, properly handle scientists and technicians who leave their posts without permission. Scientists and technicians who have left their original units for other units because their talents were not properly utilized, or because their cases require special consideration, may complete their transfer procedures according to the management rights of cadres with the approval of both the original and recipient units. Those who have left for other units and wish to resign from their original units may proceed with their resignations with the approval of their original units. The rest should be urged to return to their original units. The original units should make proper job arrangements for them, and no discrimination against them is allowed. Those who refuse to return to their original units or to adhere to the necessary resignation procedures will be regarded as deserters. Their length of service will start from the day of employment in the new units.

Specific regulations governing resignations will be jointly formulated by the State Science and Technology Commission, the Ministry of Labor and Personnel, and other departments.

4. Disputes over the transfer of scientific and technological personnel should be solved through consultation. Disputes which cannot be solved through consultation will be adjudicated by the local people's government or responsible departments or organizations designated by the State Council. Both sides concerned must abide by the conclusions made through such adjudication.

5. Scientists and technicians should be encouraged to work in remote and border areas. Remote and border provinces and autonomous regions may give them perferential treatement within the scope of state policies. The duration of work, working conditions, pay, living conditions, and retirement for scientists and technicians who have gone to remote and border areas should be arranged according the regulations of the State Council.

6. It is necessary to encourage enterprises and institutions to regulate their technological strength in the forms of technological and economic cooperation, exchanging scientists and technicians, or allowing scientists and technicians to do part-time jobs. It is necessary to advocate that units under central departments support localities with technical cadres, and that localities supply colege or professional school graduates for units under central departments.

7. Localities should search for local talent and hire staff and worker with technical skills so as to improve the technological strength of small and medium-sized enterprises, as well as collective enterprises in the urban and rural areas. Technicians in units under ownership by the whole people should be encouraged to work in units under collective ownership in the urban and rural areas. If need be, graduates from spare-time universities, correspondence universities, night universities, and staff and workers universities, who have acquired technical skills but are not performing technical work, or staff and workers who have passed higher learning qualification examinations through self-study, should be encouraged to take on technical work in small and medium-sized enterprises or enterprises under collective ownership in the urban and rural areas on a voluntary basis. For staff and workers who shift from units under ownership by the whole people to units under collective ownership, for filling in technical or managerial post vacancies, their status and workers of the ownership by the whole people will remain unchanged.

8. Scientists and technicians who are transferred to other units are not allowed to take along the scientific and technological achievements, technical data, equipment, and implements of their original units, to divulge state secrets, or to infringe upon the rights of their original units. Violation of any of these will be dealt with seriously.

Upon receipt of this circular, people's governments at all levels and departments under the State Council should make arrangements in the light of their specific conditions so as to carry out smoothly the rational transfer of scientific and technological personnel.

RENMIN RIBAO ON RATIONAL TRANSFER OF SCIENTISTS

HK290411 Beijing RENMIN RIBAO in Chinese 23 Jul 86 p 1

[Commentator's article: "Persist in Reform and Promote Rational Transfers of Qualified Personnel"]

[Text] Over the past few years, there have been two different views on transfers of scientists and technicians from one place to another. The vast majority of comrades hold that rational transfer of qualified personnel helps readjust between surplus and shortage of trained people in some localities and work units, improve the distribution and structure of scientists and technicians, and solve practical problems of some scientists and technicians who cannot work with what they have studied and what they are good at and who cannot live together with their families. This is of great significance for giving full play to the role of scientists and technicians. However, some comrades worry that transfers of trained people may upset work schemes of some units and lead to a drain of trained people from remote areas to big cities.

What on earth is the real state of affairs? Here are the facts. In 1983, a total of 190,000 scientists and technicians flowed from one place to another throughout the country. Fifty-nine percent of them flowed to state key construction projects, the forefront of industrial and agricultural production, and units and trades where trained people were badly needed. In 1984 and 1985, the flow of scientists and technicians to remote and backward areas increased substantially. In the past, numerous trained people flowed from some remote areas and provinces, but in the past 2 years, the number of trained people "flowing in" was greater than that "flowing out." Meanwhile, over the past few years, labor and personnel departments at various levels and departments in charge of employment of scientists and technicians have strengthened macroscopic guidance over transfers of scientists and technicians, and all provinces, prefectures, and counties have set up a total of over 1,000 organizations for exchange of trained people, and these organizations have done a great deal of painstaking work. Transfers of trained people were mostly carried out through these organizations and the trend of the transfers was by and large healthy.

Of course, when scientists and technicians were transferred according to their own preferences, some problems arose in some areas in a certain period of time. For example, in order to make up for shortages of trained people, very few areas and work units adopted some irregular practices. They lured talented people from other areas and units that also badly needed trained people by offering good pay, housing, and other liberal terms and being promised that there was no need of changing their administrative subordination, domicile, files regarding wages and rationing, and their CPC and CYL membership credentials. Such practices made a certain impact on remote areas and the trades and units where working conditions are hard, and affected the stability of the ranks of scientists and technicians there. However, the emergence of these problems is not an inevitable result of transfers of talented people. On the contrary, it does not accord with the principle and orientation of promoting rational transfers of trained people.

In the past, qualified personnel "belonged to certain departments and units," "once they were assigned to certain areas or units, they had no opportunities to change in their life," and "the employment system was like a pond of stagnant water," but today rational transfers of talented people is encouraged. [paragraph continues]

This is a major reform measure in breaking the old employment system of qualified personnel. Some problems emerging in our work of promoting rational transfers of talented people are problems that arise in the course of advances and in the execution of the reform. These problems can be solved only by further improving our reform measures.

The economic restructuring and reform of the science and technology management system and of the educational system have proposed a new requiremente and created new conditions for rational transfers of scientists and technicians. To reinvigorate the economy and to enliven scientific, technological, and educational undertakings, it is unimaginable that our employment will remain unchanged. If our reform should be carried out in an overall way, then reform of our employment system of scientists and technicians and also provides a guarantee for promoting transfers of talented people by establishing a system. From some experimental units, we may see that under the professional post management system, work units have the right to choose their scientists and technicians, and conversely, scientists and technicians have the right to accept or refuse work units. With the implementation of the system, a favorable climate will be gradually created for promoting rational transfers of scientists and technicians. Apart from the system, we will, of course, adopt some other measures to the purpose such as temporarily transfering scientists and technicians, recruiting them, and offering them concurrent posts.

Viewing the situation as a whole, we may see that what we have done in promoting transfers of scientists is just a start. According to figures, in 1983, the percentage of scientists and technicians who transferred was only 2 percent of the total; in 1984, the percentage was 3; and in 1985, there was some more increase. Generally speaking, however, the percentage is still very small. The phenomena of overstocking, wasting, and misusing scientists and technicians has not been fundamentally eliminated, and the channel of rational Transfers of Scientists and Technicians is now still not free-flowing. To promote the rational transfers in order, we still have a long way to go. Following the enforcement of "Some Regulations Governing Rational Transfers of Scientists and Technicians" in 1983, the State Council has now issued the "Circular on Promoting Rational transfers of scientists and technicians." The guideline of the circular is to reform and enliven our employment system. According to the practice of transferring scientists and technicians according to their own preferences over the past few years, the circular has formulated some rules for the implementation of the professional post engagement system, resignation, and adjudication of disputes. As long as authorities at various levels conscientiously carry out the circular and adhere to the orientation of reform,, a new situation will certainly emerge in rational transfers of scientists and technicians and some problems arising in the course of the transfers will also be solved, thus creating more favorable conditions for them to display their talent and realize their lofty aspirations in the four modernizations.

SOFT SCIENCE DEVELOPMENT SERVES DECISIONMAKING

OW281136 Beijing XINHUA Domestic Service in Chinese 0809 GMT 27 Jul 86

[By reporter Wu Ming]

[Text] Beijing, 28 Jul (XINHUA) -- Following the development of soft science study in China, science and technology have gradually expanded the scope of their services - from serving economic construction to serving decisionmaking -- making China's decisionmaking more and more scientifically based.

In recent years, to faciliated high-level decisionmaking, a number of full-time soft science research organs, such as the Administrative Reform Research Institute of the State Commission for Restructuring the Economic System, the State Council's Economic, Technical, and Social Development Research Center, the State Planning Commission's Forecast Center, the State Scientific and Technological Commission's Scientific and Technological Promotion and Development Research Center, have been set up in China. A number of natural science research institutes have also expanded their research to cover the field of soft science. The No 710 Institute under the Ministry of Astronautics Industry, for example, has gradually regarded system science as its main branch of study; and the Institute of Mechanical Science, the Institute of Coal Mining Science, and the Institute of Forestry Science have also set up soft science institutes or research centers. At the same time, a number of institutes under the Chinese Academy of Social Sciences have also recruited a large number of natural science researchers, and more and more natural scientific methods and new technological means have been employed to study socioeconomic issues. The trend of bridging the studies of natural and social sciences has appeared in schools of higher education.

Initial statistics show that China now has 420 soft science organs, and their 15,000 or so full-time soft science researchers have so far accomplished the study or over 1,700 soft science projects.

The benefits of China's soft science study can primarily be observed in the state's macroscopic decisionmaking. During the Sixth 5-year Plan period, the State Planning Commission's Economic Forecast Center and other institutes, on the basis of the nation's 1981 economic activities, drafted a table of nationwide investments and output of 24 economic departments revealing the various economic departments' technical and economic ties, thus laying a good foundation for economic analysis and ensuring an overall balance of various economic sectors. Chinese economic and research departments and schools of higher education have also used various ways to design and build models of China's macroscopic economic development, and carried out researches on integrating mechanical and electrical industries, the prospects for the development of microelectronics industry, the establishment of information networks, and the development of large-scale agricultural production, thus providing valuable reference for the formulation of the Seventh 5-Year Plan.

As the study of soft science develops, technical assessments of large projects become more pertinent, and they have begun to produce significant social and economic benefits. Using the methology of systems engineering and operational research to assess the technical transformation project of the Xiangtan Iron and Steel Plant, the University of Sciences and Technology for National Defense presented a new project, reducing the projected investment of the original plan by one-third.

Meanwhile, embrynomic consultative services, which carry out soft science study in the light of local situations, have also appeared in some provinces, cities, and counties. During the Sixth 5-Year Plan period, soft science organs in Tianjin completed studies on agricultural zones and resources, the study of urban ecological system and comprehensive pollution control, and the study of an urban communications and comprehensive improvement plan. The results of some studies have been directly adopted by the municipal government, and some have been used as important references for making decisions. From early 1984 to early 1985, Jingyu County in Jilin Province used systems engineering measures and computers to study an overall development plan. By diagnosing the county's problems, potentials, and resources, and setting forth the strategic principle for overall development, the study expedited the county's economic reform. Consequently the county has doubled its industrial and agricultural output 3 years ahead of schedule, and the peasants' average per capital income increased 195 yuan in 1985.

SONG JIAN CALLS FOR SOFT SCIENCE DEVELOPMENT

OW280240 Beijing XINHUA Domestic Service in Chinese 1035 GMT 27 Jul 86

[By reporter Wu Ming]

[Text] Beijing, 27 Jul (XINHUA) -- Song Jian, state councillor and minister in charge of the State Science and Technology Commission, said today at a national symposium on soft science research that we should overcome the prejudice of looking down upon soft science as something not absolutely necessary. This is an important social condition for the development of our policy-making sciences, he added.

Comrade Song Jian elaborated on the importance of soft science development. He said: Following the establishment of the party's basic principles and policies, party and government organizations, at all levels, should make decisions accordingly on numerous specific questions concerning social development and economic, science, and cultural construction, including policies, laws, regulations, and provisional rules. It should be noted that we have a large population and developments in various localities are uneven, and that there are, more often than not, different opinions interwoven and entangled in people's minds and habits with regard to the principles and policies on specific tasks. This means that thousand upon thousands of new tasks have to be done by our state and by various localities and departments. Success of these new tasks requires soft science research work.

Song Jian said: Our comrades in some organizations make contacts with various quarters of society every day and are buried in large amounts of routine work and numerous reports and statements. When making policy decisions, however, they are in a state of "starvation" and "poverty" because of lack of the necessary information. Generally speaking, our information system is imperfect, and our information organizations have as yet to be improved. The date provided by them are seldom useful or accurage. In particular, when policy decisions concerning the specific questions of various professions and trades are to be made, there is a strong feeling of insuffiency or even a complete lack of macro-information. This is one of the greatest difficulties we currently encounter in making policy decisions. We should, therefore, strengthen our macro-analytic work so that we may completely and clearly see the general trend.

Song Jian said: Historical experience and lessons have proven that courage, boldness, and resolution are important to the process of making policy decisions, but if this work is not supported by scientific data, it is hard to avoid the influence of individual traits and personal prejudice. Policy making is a lengthy, dynamic process. We cannot see if a policy is correct or not by a short-time or a partial examination. To solve this problem, an important scientific method is to make quantitative systematic analyses. For example, in making policy decisions on economic and technical matters, it is imperative to have quantitative analyses of the relevant situation as well as quantitative dynamic-state analyses. Trend forcecasts are also necessary in this regard. Song Jian called on natural and social science workers to work hand in hand and strive to make the work of policy decisions scientific and democratic.

Qian Xuesen, vice chairman of the CPPCC National Committee and chairman of China Association for Science and Technology, said in his speech that soft science, as a matter of fact, is a new soft technological revolution and a social technology that requires a small investment but can yield an enormous profit. The development of soft science in China requires: first, the collection of large amounts of information and materials; second, the special channels for acquisition of opinions from experts; and third, the establishment of a variety of models for quantitative analyses.

The Forum on Soft Science Research, which opened today, was sponsored by the State Science and Technology Commission. It is attended by responsible, concerned comrades from various departments, committees, provinces and municipalities, as well as over 300 soft science research workers. At the forum, experience and achievements in soft science research will be exchanged, and studies will be carried out on the significance and main tasks of soft science research during the new period.

XIAMEN SCIENCE, TECHNOLOGY CENTER OPERATNG

HK280654 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0225 GMT 25 Jul 86

[Text] Xiamen, 25 July (ZHONGGUO XINWEN SHE) -- The Xiamen Science and Technology Development Center founded not long ago has enthusiastically carried out activities with foreign countries, rendering service for the Xiamen Special Economic Zone in importing advanced technologies.

Since September 1985, the Xiamen Science and Technology Development Center has consecutively organized foreign scholars and specialists who are Overseas Chinese or of Chinese origins in such specialized fields as perfume, beer brewing, city water supply, food processing technology, biological medicine, nuclear power engineering, economics, and trade from Canada, the United States, Sweden, Belgium, and Italy to come to Xiamen for inspection, lectures, and technological exchanges, and some accords on a single item or a comprehensive nature have been signed on technological cooperation, exchange of talented people, and vocational training. At the same time, two international symposiums have been organized on nuclear power and lasers with the cooperation of relevant departments.

Construction of the building group of the Xiamen Science and Technology Development Center was recently completed; it is a joint investment of the State Scientific and Technological Commission, the Fujian Provincial Scientific and Technological Commission, and the Xiamen city government.

The build group covers an area of more than 10,000 square meters and consists of the main building, the exhibition hall, the conference building, the office building, and the guest house. The center is equipped with a computerized administrative system, a data house, microphotography, and movie, video, and slide projecting service. The building group will become a base for science and technology activities of the State Scientific and Technological Commission in the south.

It is learned that in fall 1986, the U.S. Illinois industrial technology samples exhibition, the symposium on technological cooperation with entrepreneurs from Rome, Italy, the technological exchange of Hong Kong computer products, as well as the technical and vocational training class run by Belgium for Mainland China will be held here.

TIAN JIYUN INSPECTS MOUNTAIN, POOR AREAS

HK220703 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 28, 14 Jul 86 pp 3-5

[Article by unidentified LIAOWANG reporter: "Exploring a Way to the Peasants' Common Prosperity -- Factual Report on Vice Premier Tian Jiyun's Inspection of Poor Areas"]

[Excerpts] Tian Jiyun, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, recently inspected Jiangxi, Fujian, and the Shaanxi-Gansu-Ningxia region. During this inspection, which took over a month of traveling thousands of kilometers, he mainly investigated conditions of the poor and mountain areas and studied the plans for eradicating poverty and becoming rich. Recently, on a certain occasion, this reporter saw Vice Premier Tian Jiyun. He had just returned from those areas. His shiny brown face showed that he had been well-tanned in the western areas.

Over the past few years, great changes have taken place in China's countryside. There has been rapid economic development, and the peasants' livelihood has been greatly improved. However, in some areas, the economy has not developed quickly enough and the people's livelihood has not been greatly improved. In some other areas, the problems concerning the peasants' food and clothing have not been completely solved. This is an important economic and social problem that can never be neglected. If this problem is not solved as soon as possible, the four modernizations drive will inevitably be affected. The CPC Central Committee and the State Council attach great importance to this problem, requiring that the problem of food and clothing of peasants in most poor areas should be solved during the Seventh 5-Year Plan period, so that they can gradually eradicate poverty and become rich. This is a conception and arrangement of strategic importance.

In order to find a way to help the poor areas and poverty and become rich and to explore a way to the peasants' common prosperity, Tian Jiyun inspected Jiangxi and Fujian in southeastern China during March and April this year. He visited both the comparatively developed areas and the remote mountain villages, with emphasis on the poor areas, poor townships, and poor peasant households. From 26 to 29 March, he inspected Jiangxi's Jian Prefecture and listened to the reports of the prefectural CPC committee and nine counties and cities, including Yongxin, Lianhua, Wanan, Suichuan, Taihe, Ninggang, and Jinggangshan, as well as Xingguo and Ruijin of Ganzhou Prefecture.

In Ninggang County, he held a forum for rural cadres and visited villages, towns, and peasant households. In the first 10 days of April, he mainly inspected Anxi and Chongan, two relatively poor counties in Fujian Province. In order to find out how Document No. 1 of the central authorities had been implemented and how the old liberated areas and poor areas had worked to end poverty and become rich, he had a talk in Chongan County with the responsible persons of Zhenghe, Chongan, Jianou, Pucheng, Zherong, Pingnan, and Shounan Counties in northern and western Fujian.

Some areas on the Loess Plateau in northwest China, which covers an area of some hundreds of thousands of square kilometers and has a population of tens of millions, are among the poorest areas in China. To change the backwardness of these areas and promote their economic development is an important matter in the overall strategy for China's social and economic development. For this reason, soon after his return from the southeast tour, Tian Jiyun continued to make an investigation on the northwest Loess Plateau from 16 May. There, he accompanied General Secretary Hu Yoabang in inspecting Gansu's Gannan Zang Autonomous Prefecture, Lanzhou, and the Dingxi-Pingliang region. After that, he made an investigation in Ningxia's Guyuan Prefecture and northern Shaanxi area.

The two inspections took more than a month. During this period, Tian Jiyun made an overall investigation of the poor areas from various angles and through various sources. He repeatedly pointed out that judging from what he had seen on the way, the rural situation was really very good, but under the good situation, there was also some poor areas in varying degrees, and economic development was quite uneven. The uneven development exists everywhere in our country -- in a province, a prefecture, or even in a county. This problem merits our serious attention. He said: Since China has a vast territory, the conditions and situations in various areas differ from one another. Thus, the differences between them in economic development and standard of living are unavoidable. Even in the future, when the whole country is comparatively well-developed, this unevenness among various areas will continue to exist. However, we must not shut our eyes to the poverty in some areas at present, but must take effective measures to help them promote economic development so that the differences between them and the rich areas can be gradually reduced rather than expanded. Tian Jiyun required that the leaders at all levels should attach greater importance to the economic development of the interior while continuing to grasp well the work of opening up in the coastal areas, attach greater importance to and strengthen the work of the less advanced areas while continuing to grasp well the work of the better developed areas, and, out of our sense of responsibility for the people, take effective measures to help the poor areas solve their problems of food and clothing, and then, eradicate poverty and become rich while continuing to encourage a number of people and areas to get rich before others. In short, we must take the economic development of the whole country into account. [passage omitted]

Through his investigation of over a month, Tian Jiyun got some firsthand materials, heard the voices of the grass-roots cadres and masses, learned from them their rich experience in the struggle against poverty, and drew some conclusions and viewpoints. He has, thus, gained some initial ideas on changing the poor situation of these areas.

He said that in order to help the poor areas, we must follow the guiding ideology of unified planning, charging various levels with responsibilities, suiting measures to local conditions, and giving guidance for problems of a different nature.

In order to end poverty and become rich, we must pay attention to the following points: 1) To adhere to the principle of suiting our measures to local conditions and handle well the relationship between general and specific characters. All areas must proceed from their realities and develop their strong points while overcoming their shortcomings. They must find ways to make a breakthrough in light of their own conditions so as to shake off poverty and become rich. They must not mechanically copy others' models. 2) To handle well the relationship between the long-term and short-term objectives. It is necessary to pay attention to combining the long-term objective of our struggle with the solution of the current problems concerning food and clothing and the daily life of the masses. In order to attain our long-term objective, the current problems should be solved. In the initial stage, it is necessary to stress development of projects that require little investment but yield quick results and benefit all households. 3) To combine the work at key points with that in all areas and handle well the relations between them so as to promote the latter by drawing upon experience gained by the former. The purpose of making experiments at some key points is to spread their experiences. Once successful experiences are gained by the key points, they should be spread to all areas as soon as possible. But all this must be done in a down-to-earth manner so that substantial results may be achieved and both perfunctoriness and formalism may be avoided. 4) To follow the path of relying on our own efforts to eradicate poverty and become rich and to handle well the relationship between self-reliance and the necessary support by the state. The state must offer necessary support to the poor areas, but te latter must base themselves on self-reliance. It is necessary to overcome the ideas of "waiting, relying on others, and asking for support." An overall arrangement should be made for the use of funds collected through various channels to support the poor areas so that they may be concentrated and used on some major projects. Practices such as using such funds to build unnecessary buildings and to eat and drink extravagantly should be prohibited.

He pointed out that in order to end poverty and become rich, it is necessary to adopt effective measures. When he talked about this during his inspections, he used eight Chinese characters to stress the following four points: 1) Talented people. Where there are talented people, there is knowledge, technology, and strength, and there is the possibility of turning natural resources into wealth. The poor areas must try to invite more talented people and introduce more intellectual resources through various channels. 2) The processing industry. At present, the processing industry is still a weak link in the poor areas. It is necessary to make full use of local resources and manpower to vigorously develop the processing industry for agricultural and sideline products and to vigorously develop township enterprises. However, attention should be paid to the selection or processing items and to quality and economic returns. Blindness should be avoided. 3) Circulation. If circulation is not promoted, products cannot be turned into commodities. It is necessary to greatly develop diverse forms of commercial business and open up more channels for circulation. After circulation is promoted, transport facilities should also be improved. We cannot always rely on the "trains of horses carrying goods between mountain villages." [paragraph continues]

4) Association. It is necessary to develop all forms of lateral associations in order to introduce talented people, technology, and information and to strengthen cooperation. In this way, more economic returns can be achieved, the quality of products can be improved, and the pace of development can be accelerated. Tian Jiyun required that all localities should strengthen the leading bodies and improve the quality of the cadres' contingent, paying particular attention to the strengthening of grass-roots leading bodies in townships and villages. They must appoint some capable cadres to take charge of the work of helping the poor areas and adopt a relevant responsibility system to attain the desired goal.

To change the backwardness of the poor areas is a grand and arduous strategic task. Before concluding his northwestern tour, Tian Jiyun, full of enthusiasm, wrote the following couplet for the local comrades:

The first line: Looking at the present, the achievements are great, and the people have full confidence.

The second line: Looking into the future, the struggle will be continued, and the prospects are bright.

The horizontal scroll: The task is heavy and the road is long.

Tian Jiyun said he hopes people will encourage each other with what the couplet says.

JIANGXI TELEVISION INTERVIEWS CHEN PIXIAN

OW280233 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 26 Jul 86

[Text] According to Jiangxi Television Station [JTS], during a JTS interview at his residence in Beijing's Zhongnanhai on 21 July, Chen Pixian, member of the Secretariat of the CPC Central Committee and vice chairman of the NPC Standing Committee, inquired about the airing of the television program, Route of the Long March. He also heard a report by the program's production team on the airing of the show. Chen Pixian endorsed the work; he told the reporters that they have accomplished a very sensible project.

Happily answering the questions raised by reporters, Comrade Chen Pixian vividly recalled the 3-Year guerrilla war in southern Jiangxi and noted the significance and hardship of the war. Comrade Chen Pixian urged all party members, government workers, armymen, and people in Jiangxi to work in unity, persist in reform, and be brave in exploring so as to promote socialist construction in Jiangxi's old revolutionary areas.

FUJIAN SECRETARY ADDRESSES RECTIFICATION FORUM

OW300330 Fuzhou FUJIAN RIBAO in Chinese 19 Jul 86 p 1

[Excerpts] A 6-day provincial forum on discipline inspection and the rectification of party style in party and government offices concluded in Fuzhou on 17 July.

Chen Guangyi, secretary of the provincial CPC Committee, addressed the forum on 17 July. Gao Hu, member of the Standing Committee and secretary of the Discipline Inspection Commission of the provincial party committee, summarized the forum on behalf of the provincial party committee.

Jia Qinglin, deputy secretary of the provincial party committee, presided over the forum, and Zhang Chuandong, member of the Central Discipline Inspection Commission, attended. [passage omitted]

Dealing with the rectification of party style according to actual conditions in the province, Chen Guangyi, secretary of the provincial party committee, particularly discussed questions in the following six areas:

1. Doing a good job in the rectification of party style and discipline inspection is a task for the whole party, a task which has a bearing on the overall situation. After fully affirming the remarkable achievements made in the rectification of party style in the province over the past several years, Comrade Chen Guangyi pointed out: We should not overestimate our achievements but should continue to implement the principle of being resolute and persisting in rectifying our party style. We should conscientiously do so far 2 more years in order to fundamentally improve our party style.

2. Rectifying party style, opening to the outside world, and carrying out reforms are all major tasks concerning the future and destiny of the party and the country. Comrade Chen Guangyi pointed out: It is wrong to set the rectification of party style against opening to the outside world and carrying out reforms. He said: [passage omitted] Opening to the outside world and carrying out reforms are, in effect, exploratory and pioneering work. All our work should be oriented toward reform and should serve and promote it. [passage omitted]

3. It is necessary to rectify our party style resolutely and persistently and to grasp major cases. [passage omitted] In rectifying our party style, the important things we now should do are: 1) investigate and handle major or serious cases; 2) correct unhealthy tendencies; 3) overcome bureaucracy and improve our workstyle in party and government offices; 4) strengthen our party spirit and strictly enforce party and government discipline and the law; and 5) strengthen inner-party democratic life.

4. It is necessary to improve the workstyle and efficiency of party and government offices. This is a matter concerning whether or not our state organs can operate normally and efficiently and whether or not the political system can be suited to the reformed economic structure. The reform of the political system is still in an exploratory stage. Now we should begin with the improvement of workstyle in party and government offices and with having these offices serve basic units. Although a good start has been made in improving the workstyle of party and government offices, there are still many problems in this regard. Personnel in some offices are dilatory in doing things and handling official documents while those in other offices ask for and take bribes or abuse their powers to seek personal gain. [passage omitted]

5. It is necessary to uphold the principle of seeking truth from facts. Now some of our comrades have a misunderstanding that principles would not be upheld when seeking truth from facts is mentioned. This is wrong. Seeking truth from facts is the starting point as well as the objective for the rectification of party style and discipline inspection. [passage omitted]

6. Leading cadres and leading bodies should take the lead and set an example in rectifying party style. [passage omitted]

ZHEJIANG RIBAO ON PEOPLE'S ARMED FORCES WORK

OW300410 Hangzhou ZHEJIANG RIBAO in Chinese 20 Jul 86 p 3

[Article by Political Commissar Liu Xinzeng of the Zhejiang Provincial Military District entitled: "Strive To Create a New Situation in the Work of the People's Armed Forces"; capitalized passages published in boldface]

[Excerpts] The successful completion of the transfer of the People's Armed Forces to local authorities forms the basis for further creating a new situation in the work of the People's Armed Forces. What merits consideration and study now is how to actively explore new ways to adapt to changes in the guiding ideology and the strategy for building national defense and to the reform the leadership system in accordance with the new situation in the work of the People's Armed Forces following the transfer of the People's Armed Forces to local authorities. This is vital to the key issues of better subjecting the work of the People's Armed Forces to the overall interests, of the long-term construction of national defense reserve forces, and of further inheriting and enhancing the glorious tradition of party control over the armed forces.

I. RECTIFY IDEOLOGY AND COMBINE "NEW CONTRIBUTIONS" WITH "NEW DEVELOPMENTS."

The main purpose of transferring the People's Armed Forces to local authorities is to further subject the work of the people's armed forces to the overall interests and to make new contributions to building the two civilizations with the emphasis on economic construction. It is also aimed at fundamentally strengthening the building of reserve forces in order to achieve new developments in the work of the People's Armed Forces. Epitomizing the dialectical unity of the overall and partial interests and of subordination and strengthening, these "new contributions" and "new developments" should serve as the basic requirements for us to develop and steer the work of the People's Armed Forces in the future. [passage omitted]

The key to making new contributions and achieving new developments lies in systematically combining the two. [passage omitted]

While consolidating past achievements, we should persist in carrying out sweeping reform, open up new fields of activity, strive to proceed toward systematizing and standardizing our approaches, and explore every method so as to combine the "new contributions" with the "new developments" as soon as possible. This should be accomplished by taking into account the actual situations in the various localities in accordance with the requirements imposed by the new situation, new tasks, and the new system. [passage omitted]

II. STRAIGHTEN OUT RELATIONSHIPS AND CORRECTLY AND EFFECTIVELY IMPLEMENT A DUAL LEADERSHIP.

The system of dual leadership remains unchanged after the transfer of the People's Armed Forces to local authorities. [paragraph continues]

Because of the change in the subordinate relationship, however, the leadership relationship and the leadership functions have undergone great changes. [passage omitted]

These new situations and characteristics require both the Armed Forces and the local authorities to straighten out their relationships, define their respective functions, improve their leadership styles, and forge a genuinely cooperative form of leadership as soon as possible. In this way, they will be able to maintain the continuity of the work of the People's Armed Forces and carry forward the momentum of development and progress. [passage omitted]

III. STEP UP STUDIES AND MASTER THE SKILLS IN THE TWO FIELDS OF ECONOMIC CONSTRUCTION AND MILITARY WORK

Central to adapting to the new situation in changes in the guiding ideology and the strategy for building the national defense and in the transfer of the People's Armed Forces to local authorities is the need to step up studies. Cadres at all levels should master the skills in the two fields of economic construction and military work. [passage omitted]

To really master the skills in these two fields is an extremely difficult task. Every comrade should take into account his duties and educational level in discerning the importance and the necessity of studying and in fostering the concept of studying diligently. It is necessary to formulate studying plans, adopt lively studying methods, and organize cadres to study.

Conscientious efforts should be made at all levels to sum up experience in this connection, carry out education with the use of typical examples, commend the advanced, and promote further studies.

LI GUIXIAN INSPECTS ANHUI FLOOD AREAS

OW300206 Hefei Anhui Provincial Service in Mandarin 1000 GMT 21 Jul 86

[Excerpt] Provincial CPC Committee Secretary Li Guixian [as heard] paid a visit to Jinzhai and Luan Counties on 19 and 20 July to inspect the situation there following recent flooding and waterlogging. He met with the flood victims and held discussions with the local cadres and masses in the counties to find ways to increase production and pursue self-recovery.

In all the places he visited, Comrade Li Guixian listened attentively to the reports of the local cadres and people, visited the flood victims in the residential areas and made detailed inquiries about food and living conditions for the people and fuel for cooking. He encouraged the people to confront the disaster and make up for the losses caused by flooding. Comrade Li Guixian urged the cadres to ensure that everything is done well for the daily life of the flood victims, send medical personnel to the flood-stricken areas for disease prevention and medical treatment work, and take steps to ensure the safety of people and animals. [passage omitted]

GUANGDONG LEADERS THANK PLA FOR RELIEF WORK

HK291231 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 29 Jul 86

[Text] In the afternoon of 28 July, Lin Ruo, secretary of the provincial CPC Committee; Ye Xuanping, deputy secretary of the provincial CPC Committee and governor went to the PLA units stationed in the province. They expressed their gratitude for the Guangzhou Military District as well as the Army, Navy and Air Force attached to the province for their great contributions in fighting disasters and providing disaster relief.

Because of this year's Typhoon No 7, the province experienced the most serious natural disaster since the founding of the state. But the Guangzhou Military District, as well as the Army, Navy and Air Force attached to the province, promptly and voluntarily helped localities fight the natural disaster and provide disaster relief, resulting in many touching stories.

Comrades Liu Ruo and Ye Xuanping also went to Guangzhou Military District, Guangzhou Air Force, Guangdong Military Region, and the organs of the Nanhai Fleet in Guangzhou. On behalf of the provincial CPC Committee and government, as well as the people living in the disaster areas, they expressed heartfelt thanks to them. The leaders also said that they would mobilize all cadres and people to learn from the PLA.

You Taizhong, commander of the Guangzhou Military Region; and Zhang Zhongxian, political commissar of the military region, warmly received the leaders of the provincial CPC Committee and government, and talked about their close relations.

HENAN'S FOREIGN TRADE SITUATION IN FIRST 6 MONTHS

HK291438 Zhengzhou HENAN RIBAO in Chinese 20 Jul 86 p 1

[Report by Zhou Dechun: "Gratifying Situation of Foreign Trade and Export in Our Province in the First Half of This Year."]

[Text] From January to June the export volume of the province's foreign trade amounted to $237 million or so, constituting 62 percent of the annual plan or a real increase of more than 43 percent over the same period of last year. The task of exporting bulk key commodities, such as cotton and feed to earn foreign exchange for the whole year have been fulfilled. This is a situation never seen before in our province.

Since the beginning of this year, various localities have attached importance to foreign trade and export work, brought the enthusiasm of production enterprises and goods suppliers into full play, given priority to the production of export goods, and paid close attention to the purchases of seasonal, marketable commodities. The volume of export goods purchased in the first 6 months of 1986 increased more than 100 percent over the corresponding period of the previous year, fulfilling 77 percent or more of the annual plan. Prefectures and cities, such as Zhoukou, Kaifeng, Nanyang, and Shangqiu have overfulfilled their purchasing tasks for the whole year.

To earn more foreign exchange and to do so earlier, all import and export companies in the province paid close attention to the conclusion of transactions and the execution of contracts in regard to exports. While strengthening sales promotion on the traditional markets in Hong Kong, Japan, and Southeast Asia, the province held talks on exports in Hamburg, West Germany last March, with the stress on the West European Economic Community market.

HAO JIANXIU TOUR OF XIZANG REGION REPORTED

Meets Xizang Leaders

HK230545 Lhasa Xizang Regional Service in Mandarin 1130 GMT 19 Jul 86

[Excerpts] On the afternoon of 18 July, comrades who are inspecting and guiding work in our region, including Hao Jianxiu, secretary of the Secretariat of the CPC Central Committee, cordially met with leading comrades of the region and extended cordial greetings and lofty respects to them and through them to the people of all nationalities, cadres, intellectuals, and patriotic persons of the whole region and to the commanders and fighters of PLA units stationed in Xizang and of the People's Armed Police Corps.

Comrade Hao Jianxiu said: We have come to Xizang for several days. We have personally experienced a taste of the climate of the plateau. At the same time, we heartily esteem the cadres and masses of all nationalities who have built Xizang and defended the border areas for a long period of time. [passage omitted]

At 1840, accompanied by regional CPC Committee Secretary Wu Jinghua; Deputy Secretaries Aidi, Doje Cering, Mao Rubai, Dangzin, and Gyanincain Norbu; Regional Advisory Commission Chairman Zhang Xiangmin; and Regional CPC Committee Standing Committee Member Hu Songjie; comrades, including Hao Jianxiu, stepped into the reception hall and all those present broke out into prolonged applause. In a very cordial atmosphere, in both Tibetan and Han Languages, Raidi first introduced to the leading comrades of the region Hao Jianxiu, secretary of the Secretariat of the CPC Central Committee; Zhang Guoying, first secretary of the secretariat of the All-China Women's Federation; Comrade Liu Yandong, secretary of the Secretariat of the CYL Central Committee; and other comrades accompanying Comrade Hao Jianxiu to the region. Later, he introduced to comrades, including Hao Jianxiu, the principal leading comrades of the regional CPC Committee, regional Advisory Commission, regional People's Congress Standing Committee, regional People's Government, Xizang Military District, and regional CPPCC Committee. Among them were Pagbalha Geleg Namgya, Shengqin Louosangjianzan, Langjie, Jiangzhong Zhaxiduoji, Peng Zhe, Samding Doje Pamo, Puqueng, Jyamco, Gyibug Puncogcedain, Tudao Doje, Gong Daxi, Gao Tangjin, Zhang Fengjiao, Lhamin Soinam Lhunzhub, Jimzhong Gyaincain Puncog, Gaxoi Qoigyai Nyima, Danzeng Jiacuo, Lhalu Cewang Doje, Huokang Soinam Bianba, Tangmai Gongjue Baimu, Qaba Gaisang Wangdui, Zi Cheng, and so on.

Comrade Hao Jianxiu delivered an ebullient speech to the leading comrades of the region. [passage omitted]

Comrade Hao Jianxiu said: The CPC Central Committee and State Council have shown great concern for Xizang. In accordance with the central authorities; introduction on proceeding from realities in everything, we have come this time to investigate and study the problems of regarding the development of tourism to bring along the production of commodities, developing Xizang's light indusdrial products with the processing of agricultural and sideline products as the main work, and developing the minority-nationality handicraft industry. We have studied with the regional CPC Committee and government the measures for speeding up Xizang's construction. All departments of the central authorities are willing to do useful work to make Xizang properous and rich. Arrangements have been made for what the comrades of the relevant departments of the central authorities have come to Xizang to do. The All-China Women's Federation and CYL also brought little gifts. Although the gifts are small, they are a token of the regard of all people throughout our country.

Comrade Hao Jianxiu's speech aroused the warm applause of the comrades.

Others who were received included leading comrades of all relevant departments and bureaus of the region, the commissioners and mayors who are attending the meeting of the commissioners and mayors, and leaders of the regional Buddhist Association.

Before the reception, comrades, including Hao Jianxiu, listened to the work report of the regional CPC Committee and the report on the situation in the structural reform of our region.

After the reception, comrades, including Hao Jianxiu, had a group photo taken with the leading comrades of the region to mark the occasion.

Visits Lhasa Factories

HK231019 Lhasa Xizang Regional Service in Mandarin 1130 GMT 20 Jul 86

[Excerpts] On the afternoon of 19 July, when the work group of the central authorities to Xizang was visiting and inspecting Lhasa Carpet Weaving Mill and Chengguan District No 1 comprehensive factory, they studied the problems of developing the minority-nationality handicraft industry.

When, accompanied by comrades including regional CPC Committee Secretary Wu Jinghua and regional People's Government Vice Chairman Puqung, comrades of the work group to Xizang, including Hao Jianxiu, secretary of the Secretariat of the CPC Central Committee; Zhang Guoying, first secretary of the Secretariat of the All-China Women's Federation; and Liu Yandong, secretary of the Secretariat of the CYL Central Committee, arrived at Lhasa Carpet Weaving Mill and Chengguan District No 1 comprehensive factory. the workers of the two factories wore national costume and welcomed with their traditional etiquette their dear ones from Beijing. [passage omitted] In addition to listening to the reports on the situation of the two factories, some comrades, including Hao Jianxiu, also inspected all workshops. [passage omitted]

Afterward, Comrade Hao Jianxiu met with responsible comrades of the education departments of 16 provinces and municipalities which have run Xizang classes and of schools, and comrades of the national geological and mining system, the workers' idelas report group, Zhejiang Provincial delegation for supporting projects in Xizang, and the Nationalities Institute of the Academy of Social Sciences. [passage omitted]

Urges Forestry Protection

HK270540 Lhasa Xizang Regional Service in Mandarin 1130 GMT 24 Jul 86

[Excerpts] On 21 and 22 July, led by Hao Jianxiu, secretary of the Secretariat of the CPC Central Committee, the central work group to Xizang conducted investigation and study in Nyingchi Prefecture. They put forward guiding views on the problems of enterprise management, energy resources, and forest protection. [passage omitted]

Accompanied by Wu Jinghua, regional CPC Committee secretary; Jyamco, regional People's Government vice chairman; Zhang Fengjiao, Xizang Military District deputy commander; and (Yang Houdi). regional CPC Committee secretary general, the central work group inspected work in Nyingchi. the Nyingchi Prefectural CPC Committee, perfectural Commissioner's Office, workers and peasants of all nationalities, PLA commanders and fighters, and school teachers and students warmly welcomed the leading comrades of the central authorities in various ways. [passage omitted]

Liu Yandong, secretary of the Secretariat of the CYL Central Committee, also delivered a lengthy speech at the Xizang College of Agriculture and Animal Husbandry and held a forum. On 23 July, the leaders of the central authorities and region returned to Lhasa. [passage omitted]

On the afternoon of 22 July, after investigation and study, the work group held a forum on the protection of forest resources and utilization of energy resources. At the forum, Comrade Hao Jianxiu said: The problem of using timber as fuel is not only a problem in the woollen textile mill but also a problem in the whole region. We must basically solve it. We must substitute electricity for timber as fuel. We must also study and formulate the principle and policy on protecting, exploiting, and utilizing forest resources. [passage omitted]

In discussing the problems of energy resources and forest protection, Comrade Wu Jinghua also spoke. He said: We should not use timber as fuel. The historical duty has rested with the people of our generation. We must be determined to solve this problem. The key to not using timber as fuel lies in solving the problem of electricity. We must be resolved to take the road of substituting electricity for firewood. [passage omitted]

Stresses Tourism Development

HK281508 Lhasa Xizang Regional Service in Mandarin 1130 GMT 27 Jul 86

[Excerpts] On the morning of 26 July, Hao Jianxiu, secretary of the Secretariat of the CPC Central Committee, and her party listened to the work report by the Xigaze Prefectural CPC Committee. They then met with responsible persons of Xigaze Party, government, and Army, CPPCC Committee, religious circles, and all mass organizations.

Comrade Hao Jianxiu extended cordial greetings to the personages of various circles of Xigaze. [passage omitted] Comrade Hao Jianxiu said: In recent years, agricultural and livestock production and nationality handicraft industry in Xigaze Prefecture have developed very greatly. People's livelihood has constantly improved. This is the might of the party's policies on enriching the people as well as the result of the efforts of the people of all nationalities in Xigaze. The CPC Central Committee and State Council have shown great concern for Xizang's construction and the well-being of its people. In accordance with the instruction of the CPC Central Committee and State Council, we have come to Xizang this time to conduct investigation and study and to do our utmost to help Xizang successfully formulate the Seventh 5-Year Plan. Those who have come this time include members of the Ministry of Light Industry, Ministry of Textile Industry, Minister of Commerce, and CYL Central Committee, and All-China Women's Federation. They have come to do practical work. [passage omitted]

Comrade Hao Jianxiu hoped that Xigaze Prefecture would fully take advantage of its strong points so as to turn it into a tourist spot of our country and even of the whole world. At the invitiation of Great Master Banqen, Comrade Hao Jianxiu and his party regional People's Government Chairman Doje Cering visited Banqen's new palace and were warmly welcomed by all working personnel of the new palace.

In the afternoon, accompanied by Chairman Doje Cering, Hao Jianxiu and her party visited (Zhaxi Minbu) temple and the Xigaze nationality handicraft article retail department.

NORTH REGION

HEBEI SECRETARY INSPECTS TANGSHAN 6-12 JULY

SK250448 Shijiazhuang Hebei Provincial Service in Mandarin 2200 GMT 12 Jul 86

[Text] On the eve of the 10th anniversary of the Tangshan earthquake, Xing Chongzhi, secretary of the provincial CPC Committee, went to the urban and rural areas of Tangshan City from 6 to 12 July to conduct an inspection and give guidance on their work.

During a talk with leading comrades of Tanshan City, Xing Chongzhi said: We are now faced with many tasks. Here I want to stress one point, that is, how should we mobilize the initiative of cadres in achieving success the economic construction. This is not only the task of Tangshan, but the task of the entire province.

During his sojourn in Tangshan, Comrade Xing Chongzhi listened to the work reports of the Tangshan City CPC Committee and the city People's Government, inspected the scene of the new Tangshan, and, despite hot weather, visited Jidong Cement Plant, the Tangshan Construction Ceramic Plant, the Tangshan No 1 Plastics Plant, and six other enterprises, as well as Leting, Luanxian, and Fengnan Counties. He also cordially visited the paraplegic patients of the Tangshan City Sanatorium for Paraplegic Patients, Orphans, and Childless Old People and the comprehensive welfare center and orphans' center.

Comrade Xing Chongzhi convened forums on two occassions. On the afternoon of 12 Jul, while talking with leading comrades of Tangshan City, Comrade Xing Chongzhi fully affirmed and praised the work done by Tangshan City. He said: During my visit to Tangshan, I have been impressed by the rapid development and changes here. The 10-year turmoil brought great suffering to Tangshan. Before this political turmoil ended, an exceptionally serious earthquake occurred in Tangshan. Now 10 years have passed since the earthquake. During those 10 years, the Tangshan people not only had to set wrong things right to solve various problems left over from the Cultural Revolution, but also to carry out repairing and construction projects on a large scale. Therefore, the past 10 years were the most arduous and strained period for leading cadres at all levels and the large number of the masses throughout Tangshan, as well as a period witnessing the greatest achievements. Over the past few years, the Tangshan City CPC Committee and the city People's Government have adopted feasible guiding ideologies, and have scored tremendous achievements in reform and construction. We can say that the city has laid a very solid foundation for making still greater progress in the future.

Tangshan will usher in a new historical stage during the following 10 years, which can be considered a period of vigorous economic development. Based on the new situation created over the past 10 years, we should mobilize the entire party and all the people to wholeheartedly engage in the four modernizations and economic invigoration.

Comrade Xing Zhongzhi said: We are faces with many tasks. I want to stress one point, that is, how should be mobilize the initiative of cadres to achieve success in economic construction. This not only the task of Tangshan, but the task of the entire province. When he said so, he did not mean that all of our cadres have great potentials. Some cadres' mental attitude has not been good. A handful of persons have indulged in evil practices rather than doing what is proper, thus holding the four modernizations back.

Comrade Xing Chongzhi said: At present, owing to the serious case of eating from the the same big pot among party and government organs, quite a few cadres are very impatient with waiting for opportunities to use their abilities. While a few cadres and persons are drifting along aimlessly by depending on eating from the same big pot. We should work out a me[illegible] to mobilize cadres at all posts wholeheartedly serve the four modernizations.

Then, Comrade Xing Chongzhi put forward some measures to solve these problems. He said: First, we should continue to staff leading bodies well. Among party and government cadres, the system of assuming responsibilities to fulfill set targets should be popularized. In evaluating and employing cadres, our judgement should be based on their practical performance and achievement. Among the ranks of cadres, particularly among leading bodies, we should strengthen democratic activities, provide wide opportunities for airing views, and encourage cadres to criticize and supervise one another. At the same time, we should reinforce discipline, and administer the party strictly. We should sponsor short-term training courses for cadres in a planned way in light of the situation in the ranks of cadres, we should streamline organizations, and we should introduce the system of personal responsibility. What is more important is the exemplary role. The higher-level organizations should set an example for the lower-level organizations; the leading cadres should set an example for the ordinary cadres; party members should set an example for the nonparty figures; the veteran cadres should set an example for the new cadres; and the cadres should set an example for the masses.

Comrade Xing Chongzhi also stressed: Whether or not we can score greater achievements in the Seventh 5-Year Plan period than in the Sixth 5-Year Plan period depends on whether or not our cadres can work in a creative manner in line with the principles and the policies of the CPC Central Committee. This is the most important point.

NEI MONGGOL MILITARY DISTRICT MARKS ARMY DAY

SK300523 Hohhot Nei Monggol Regional Service in Mandarin 2200 GMT 28 Jul 86

[Excerpts] On the afternoon of 28 July, the Nei Monggol Regional Military District held a tea party for retired cadres living in Hohhot to mark Army Day. Attending the tea party were leading comrades of the regional CPC Committee, the regional Advisory Commission, the regional Discipline Inspection Commission, the regional People's Congress Standing Committee, the regional government, and the regional CPPCC Committee, including Tian Congming, Zhou Rongchang, Wang Duo, Lin Weiran, He Yao, Bai Junqing, Shi Shengrong, and Zhou Beifeng. Cai Ying, commander of the Nei Monggol Regional Military District, presided over the tea party. Liu Yiyuan, political commissar of the regional military district, made a speech at the tea party.

On behalf of the CPC Committee and the organ of the regional military district and the vast number of commanders and fighters throughout the region, Liu Yiyuan first extended festive greetings and sincere regards to all comrades retired from the army units. [passage omitted]

Leading comrades of the Nei Monggol Regional Military District also presented souvenirs to retired cadres. Literary and art workers gave brilliant theatrical performances to more than 500 veteran participants.

Also attending the tea party were leading comrades of the Nei Monggol Regional Military District, including Fang Chenghai, Zhang Fenglin, (Ha Si), (Chi Xuezhao), and (Guo Song). Also Attending the tea party were veteran comrades who had worked for the regional military district for a long period of time, including Ting Mao, Kong Fei, Huang Hou, Liu Chang, (Liu Yili), (Ta La), (Bai Yun), Bao Shengbiao, (Xu Yuebo), (Haoyinzhaobu), (Liu Qingxiao), and (Meng Qingxiang).

HEILONGJIANG CALLS FOR IMPROVING MEDICAL ETHICS

SK290847 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 28 Jul 86

[Text] Huang Qingyue, a worker of the Harbin poultry wholesale department, was badly injured at work and finally died at the gates of a hospital after being refused a bed by seven hospitals in Harbin.

Sun Weiben, secretary of the provincial CPC Committee, made two written instructions calling for efforts to organize groups to clearly investigate the event and to take measures for improving medical ethics.

In accordance with the written instructions of Comrade Sun Weiben, the provincial and Harbin City governments jointly organized an investigation group on 28 July. (Sun Fenggang), deputy secretary general of the provincial government, was appointed head of the group. At the meeting to organize the investigation group, Jing Bowen, vice governor of the province, said that in association with the [words indistinct] incident which had taken place in the past, the incident of the injured worker Huang Qingyue being refused a bed by seven hospitals in Harbin was by no means fortuitous, and that by no means should this incident have taken place at the time when Harbin was carrying out the [words indistinct] activities.

Vice Governor Jing Bowen called on the investigation group to further make a thorough investigation of the incident and urged the people to be public-spirited in order to put an end to the occurrence of such incidents.

SUN WEIBEN SPEAKS TO PARTY SCHOOL GRADUATES

SK240316 Harbin Heilongjiang Provincial Service in Mandarin 0900 23 Jul 86

[Text] On 23 July, at the 84th graduation ceremony of the party school of the provincial CPC Committee, Sun Weiben, secretary of the provincial CPC Committee, said: The comrades graduated from party schools should break with the bonds with outdated ideas and bureaucracy, and should become reformers.

Sun Weiben said: Reform is the party spirit necessary for party members. Under the current situation of reform, the striking party spirit for party members is: Under all circumstances, they should be able to resist the temptation of money, refuse to abuse their powers to extort personal favors, pay attention to party spirit but not to factionalism, put stress on principles but not on the exchange of flattery and favors, and keep firmly in mind the purpose of wholeheartedly serving the people. So far as the teaching and studying purposes are concerned, the party school is different from other regular institutions because it is devoted mainly to teaching its students to remold their thinking and world outlook with what they have learned, fostering pioneers with a strong party spirit who can make practical contributions to revitalizing the Heilongjiang's economy, and educating its students to be worthy of the title of the party school of the provincial CPC Committee.

At the conclusion of his speech, Sun Weiben placed three expectations on the graduates: First, they should apply what they have studied to various projects of reform in line with the principle of studying for the purpose of application; second, they should set an example in correcting party style and reinforcing party spirit;and third, they should carry forward the tradition of arduous struggle and become a man of action.

A total of 390 students graduated this year from the party school of the provincial CPC Committee. Liu Chengguo, deputy secretary of the provincial CPC Committee and president of the party school of the provincial CPC Committee, also spoke at the ceremony. Wang Fei, secretary of the Discipline inspection Commission under the provincial CPC Committee, and Liu Zhongli, vice governor of the province, attended the graduation ceremony.

JILIN SECRETARY SPEAKS ON PARTY STYLE AT RALLY

SK260329 Changchun Jilin Provincial Service in Mandarin 0930 GMT 25 Jul 86

[Text] The provincial organs' leading group for the correction of party style held a rally of party-member cadres of provincial organs on 23 July. The rally stressed: The correction of party style and reform should be carried out in close coordination. Only when party style is rectified can reform progress smoothly. We must never slacken our efforts to rectify party style. In the latter half of this year, we should achieve success in handling major and serious cases, through which party style can be corrected. We should continue to improve the workstyle of organs, and correct the unhealthy trends of various trades so that party style can improve as quickly as possible.

The rally relayed the guidelines of the party style forum of north and northeast China held by the Discipline Inspection Commission of the CPC Central Committee, summed up the provincial organs' work to correct workstyle carried out in the first half of this year, and worked out tasks for the latter half of this year. It held: The correction of party style and reform should be carried out in close coordination. It is in line with the policies of the central authorities that we carry out reform. It is also in line with the policies of the central authorities that we check unhealthy trends. As has been proven in practice, areas which have done a good job in correcting party style have also made reform successful, and only when party style is corrected successfully can reform be facilitated.

Gao Di, secretary of the provincial CPC Committee, attended the rally. He said in his speech: At present, the provincial organs should conscientiously attend to the correction of party style, and should never slacken their efforts.

He continued: In rectifying party style, we should primarily grasp two tasks. The first is to step up efforts to handle the major and serious cases committed by party-member cadres. We should regard this task as an area through which a breakthrough in rectifying party style and party discipline through the investigations and handling of such cases. The investigations of major and serious cases is a task not only for discipline inspection departments but also for all departments. From now on, leading persons should be responsible for the major and serious cases that have occurred in their own departments. A responsibility system should be enforced so as to expedite this task. The second is to correct the unhealthy trends of various trades. This task is being carried out by all departments, but most of them do not exert firm efforts in it. From now on, all departments should formulate regulations clearly defining what their own trades advocate and oppose. They should launch activities to serve the people, and commend good persons and deeds. Although the provincial organs do not have direct contacts with the masses, they should also be held responsible for the unhealthy trends of various trades. All departments have their own tasks to fulfill.

Recently, the tendency of attending and giving dinner parties began to gain ground. All departments should conduct examinations against the six unhealthy trends pointed out in Document No 57 of the central authorities to see if the unhealthy trends extensively exist in their own departments.

Comrade Gao Di also emphasized: In the new situation of opening to the outside world and enlivening the domestic economy, it is of particular significance to strengthen the legal system and straighten out discipline. Reform will not inevitably but will possibly bring about law and discipline violations because there are some people who take advantage of the loopholes in reform. We should eliminate such a possibility. We should abide by the law and run the party strictly, and duly punish those who violate law and discipline.

Comrade Gao Di concluded: All departments should rectify party style, strictly enforce party discipline, and enhance party spirit through the activities to allow the masses to evaluate leading bodies and through holding party regular meetings. The organs under the provincial CPC Committee should set an example for the whole province to follow, do before others what they ask others to do, and exert real efforts to correct party style.

More than 500 persons attended the rally, including members of the CPC committees of the departments, committees, offices, and bureaus directly under the province, secretaries of the CPC committees of various organs, and leaders of discipline inspection groups.

GAO DI SPEAKS TO PARTY SCHOOL GRADUATES

SK260459 Changchun Jilin Provincial Service in Mandarin 0930 GMT 25 Jul 86

[Text] The Party School of the provincial CPC Committee held a graduation ceremony this afternoon for the students who entered the training classes of party and government leading cadres and political work cadres in 1984. Attending the ceremony were Gao Di, secretary of the provincial CPC Committee; Du Qinglin, Standing Committee member and Organization Department, director of the provincial CPC Committee; Hu Houjun, deputy director of the Propaganda Department of the provincial CPC Committee; and (Wang Xin), director of the provincial Labor and Personnel Department. They extended warm congratulations to the 169 students for their outstanding results in their 2-year study, and issued diplomas to them.

Gao Di, secretary of the provincial CPC Committee, spoke at the ceremony. He analyzed the province's situation in reform, and put forward what he expected of the students who will soon take on work posts. He said: Reform is an extremely great and comprehensive systems engineering, and a profound revolution. Comrades assuming leading posts should all the more formulate well-conceived plans, give meticulous guidance, conduct reform in a prudent manner with all-out efforts, and strive to minimize mistakes so as to push reform forward.

Gao Di stressed: While reforming the economic structure, efforts should also be made to reform correspondingly the political structure, streamline organs, raise work efficiency, improve the socialist legal system, and develop socialist democracy. Party and government work should be divided, and party leadership should be conscientiously strengthened.

Speaking on the (?cultivation) of young and middle-aged cadres, Gao Di said: Implementing the CPC Central Committee's policies and directives in a creative manner is one of the two major skills that Comrade Yaobang urged young and middle-aged cadres to learn to master.

In order to truly master this skill, we should carry out the work in three fields. First, we should adhere to the party's ideological line of seeking truth from facts, and implement its policies in line with the specific conditions of our own localities and departments. Second, we should provide fresh experiences to the central authorities and various localities through our own work. Third, we should take the initiative in making timely reports to the higher authorities on the specific policies and regulations of the central authorities and their subordinate departments that have yet to be improved.

In his speech, Gao Di urged the graduates of the party school to set an example in rectifying party style. He said that he believed that after returning to their work posts, they will certainly be able to analyze, (?clarify), and solve the various problems in practical work with the theoretical knowledge they have learned. He expressed the hope that they will become pioneers and creators of this era, and will make new contributions and score greater achievements in the building of the two civilizations.

LIAONING ON DOWNTREND OF INDIVIDUAL BUSINESS

SK290820 Shenyang Liaoning Provincial Service in Mandarin 2100 GMT 28 Jul 86

[Station commentary: "Efforts Should Be Made To Encourage or Help Individuals Open a Business"]

[Text] There is presently a large-scale decline in individual-run enterprises throughout the province. This actually represents a serious problem to which leading comrades of the party committees and the government at all levels should pay great attention.

Since the 3d Plenary Session of the 11th CPC Central Committee, rural areas throughout the province have rapidly witnessed a new economic situation in which various sectors with distinctive characteristics coexist. As of the end of 1985, the industrial plants and commercial centers that had been operated by individuals and had accommodated more than 480,000 workers and other employees totaled more than 280,000. This represents a breakthrough of historical significance. However, these plants and firms still cannot meet the needs of making the rural economy prosperous and developing commodity production. The provincial CPC Committee and the provincial People's Government have repeatedly stressed that we should achieve greater development among the individual-run enterprises. However, the current situation in this regard is just contrary to their expectation. We cannot but ponder deeply over the problem. According to the investigation data, the reasons for the problem are as follows: First, some departments have imposed excessive restrictions and given less assistance. As the individual-run enterprises complain, it is not easy to do business because of so many official checks and obstacles everywhere. Second, these individual-run enterprises have been unable to withstand the various expenses which were presented to them. In apportioning expenses, some localities have collected their expenses from the enterprises at will or forcedly imposed on them expenses of more than 20 different kinds in total. Third, in enforcing policies, some localities have been in high spirits one moment and in low spirits next, or adopted a leftist attitude one moment and a rightist one next. In delegating power, they have let things drift, and in conducting management, they have enforced regulations rigidly. Thus, the individual-run industrial plants and commercial firms have harbored so many doubts about the party's policies. Such a phenomenon is attributable to the lack of organizational leadership over collectives. Many localities have let their individual-run enterprises develop naturally, as a result, the enterprises have blindly built the units of production with strong points and blindly increased the variety of products.

As a result, these enterprises have not only failed to improve their product quality, but have also suffered dull sales and been forced to stop production or business. All of these problems have hindered to varying degrees the development of individual-run business.

Comrades in charge of rural work should (?note that), after the enforcement of responsibility systems in rural areas, many peasants have actively left their hometowns to open a business in the areas of industry, commerce, transportation, construction, and service. Some of them have opened business by signing contracts; some have engaged in joint-venture business; and some have invested in a business independently. This represents not only an objective demand for developing commodity production, but also an important sign that the standard of productive forces has been upgraded. In 1985 the individual-run industrial and commercal enterprises throughout the province realized more than 4.36 billion yuan of annual profits that have not only promoted the development of the commodity economy in rural areas, but have also increased the income of peasants, the volume of social commodities, and the tax revenues of the state.

Contiuous effort to encourage or support individuals to develop business represents an important policy of our party as well as a practical step in building socialism with Chinese characteristics. It is a matter of course for the individual-run enterprises to encounter various negative factors in the course of development. However, these factors by no means are key problems. Only by enhancing leadership and doing a good job in conducting the work can the individual-run enterprises achieve healthy development. By no means should we give up eating for fear of choking, and still, we should not adopt an one-sided attitude toward the individual-run enterprises and should refrain from excessively finding fault. Only having the masses from top to bottom harbor a unified view, take unified action, and offer warm encouragement and support will our province certainly be able to bring about a good situation in which steady and healthy development of individual-run enterprises is achieved.

GANSU MEETING MARKS ARMED FORCES PROGRESS

HK240237 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 23 Jul 86

[Excerpts] Gansu Military District Commander Zhou Yuechi pointed out at the provincial conference on People's Armed Forces work on 23 July that the People's Armed Forces must suit the situation in reform, subordinate themselves to the overall situation in economic construction, and continually create a new situation in People's Armed Forces work.

After reviewing the great achievements in People's Armed Forces work in Gansu in the past 35 years, Zhou Yuechi said: Under the leadership and support of the provincial CPC Committee and government and the prefectural and county CPC committees and governments, the work of transferring the province's 82 county and city People's Armed Forces departments to the local authorities had been completed by the end of June. [passage omitted]

On the future work tasks of the People's Armed Forces departments, he pointed out that following their transfer to local authorities, these departments must shift the focus of their work to economic construction, and mobilize and organize the militia to launch a drive to extricate people from poverty and make them rich. [passage omitted] The militia must be organized to learn science and knowledge, learn how to manage production, actively develop commodity production, and lead the poor households in the rural areas to follow the path of common prosperity.

Governor Jia Zhijie spoke at the meeting. Provincial CPC Committee Secretary Li Ziqi and Deputy Secretaries Hou Zongbin and Lu Kejian attended. Also present were Gansu Military District Political Commissar (Wen Jinyi), Deputy Commander (He Zhiying), and Deputy Political Commissar (Li Xinling).

Meeting Concludes

HK260521 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 25 Jul 86

[Excerpt] The provincial conference on People's Armed Forces work concluded in Lanzhou on 25 July. Provincial CPC Committee Secretary Li Ziqi and Lanzhou Military Region Commander Zhao Xianshun spoke at the meeting.

Lu Keijian, deputy secretary of the provincial CPC Committee, delivered a summation. He said: Following their transfer to the local authorities, the People's Armed Forces departments have become a military department under the leadership of the local CPC Committees and government. The party committees at all levels must strengthen leadership over armed forces work, put on a sounder basis the system of sending the party forces work, put on a sounder basis the system of sending the party committee secretary to work in the armed forces department, and get a good grasp of professional training for People's Armed Forces cadres, to turn them into qualified armed forces cadres who understand economic construction and armed forces work. [passage omitted]

GANSU'S LI ZIQI SPEAKS AT COMMISSION MEETING

HK260519 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 25 Jul 86

[Excerpts] At a meeting of the provincial Advisory Commission held on 25 July to convey the spirit of the national forum of advisory commission chairmen, Li Ziqi expressed the hope that the veteran comrades will make new contributions to Gansu's efforts to eliminate poverty and make the people rich.

Li Ziqi said: the provincial Advisory Commission has worked in harmony with the provincial CPC Committee in doing a great deal of work. Some of the veteran comrades have obeyed the provincial CPC Committee in doing a great deal of work. Some of the veteran comrades have obeyed the provincial CPC Committee's assignment and grasped party rectification work in a serious and responsible way. Others, commissioned by the provincial CPC Committee and government, have been responsible for economic construction in old revolutionary bases and areas in difficulties. Still others regularly go down to the basic levels to investigate and study. They have tackled many major problems and put forward many constructive views. Some have taken part in party history studies and written revolutionary memoirs, and so on. [passage omitted]

He expressed the hope that the veteran comrades will help the CPC Committee in implementing the Seventh 5-Year Plan in unswervingly doing a good job in reform, and in working in a serious and responsible way to improve party spirit.

Huang Luobin, chairman of the provincial Advisory Commission, conveyed the spirit of the forum of advisory commission chairmen. Governor Jia Zhijie explained to the veteran comrades the situation in economic work and reforms in the province. [passage omitted]

SHAANXI ISSUE NOTICE CRACKING DOWN ON THEFT

HK260816 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 24 Jul 86

[Text] The provincial People's Court, the provincial Procuratorate, the provincial Public Security Department, and the provincial Judicial Department recently issued a joint notice on hitting hard at theft, and urging criminals to surrender themselves and strive for lenient treatment.

The notice pointed out that those who committed such crimes as stealing money or goods, and hiding, destroying, collecting, and delivering stolen goods must have a clear understanding of the situation and immediately surrender themselves to local public security organs or security departments of their units so as to strive for lenient treatment. Those who surrender themselves voluntarily before 20 August will be exempted from punishment or given light punishment.

The notice pointed out that those criminals who committed theft but refused to confess their crimes and even went so far as to retaliate against people exposing them, and those who continue committing crimes, must be punished severely.

The notice also pointed out that enterprises, institutions, schools, and administrative organs, and particularly secondhand shops, smelteries, and waste goods collecting stations, must strictly abide by the state's policies and laws, and seriously implement all security measures.

As for those units which ignored security measures and inflicted heavy losses on the state and collectives through theft, it is necessary to investigate and affix the responsibilities of the leaders and people involved. As for those who committed crimes of malfeasance due to dereliction of duty, it is necessary to investigate and affix their responsibility for the crimes.

QINGHAI CIRCULAR ON CONTROL OF DEPOSITS, LOANS

HK290841 Xining Qinghai Provincial Service in Mandarin 2230 GMT 26 Jul 86

[Text] The provincial People's Government recently issued a circular urging governments at all levels in the province and the relevant departments to strengthen control over bank deposits, loans, and cash.

The circular pointed out that people's governments at all levels and the relevant departments must cooperate well with banks in strengthening control over bank deposits, loans, and cash. They must help enterprises establish the idea of circulating funds and [words indistinct]; do their utmost to improve business management, and control the unreasonable use of funds. Financial organs must actively provide the service of new types of bank deposits so as to raise funds for economic construction. Localities and departments are not allowed to set up local financial organs or engage in any kind of financial operations. They are not allowed to transfer the funds of banks or credit cooperatives for any reason. Individuals are not allowed to set up banks or other financial organs or to engage in financial operations. Operational cash income of units must be deposited with banks. It is necessary to investigate and affix responsibility to those units and individuals that seriously violate the cash management system.

In its circular, the provincial People's Government demanded that all banks, while making continuous efforts to strengthen macroeconomic control and accordance with the principle of giving different treatment and selective assistance, must strengthen the circulation of funds, develop inter-bank loans, properly manage and use loans, and actively support the need for funds in industrial, agricultural, and animal husbandry production, commodity circulation, and lateral economic ties.

To promptly settle loans between enterprises, the provincial government instructed the provincial financial and economic commissions to organize the relevant departments to set up examination groups to settle loans between enterprises in a down-to-earth manner.

SECOND EXHIBIT OF TAIWAN BOOKS OPENS IN SHENZHEN

OW252347 Beijing XINHUA in English 1428 GMT 25 Jul 86

[Text] Shenzhen, July 25 (XINHUA) -- The second exhibition of books published in Taiwan was opened today at the university in Shenzhen, one of China's four Special Economic Zones.

The exhibition, which ends on August 10, will continue to sell books till the end of this year.

Its two sponsors, the university's culture, science and technology service company and the Hon Wing Book Center of Hong Kong, organized the first exhibition in May 1985.

Last year, over 1,000 libraries on the Chinese mainland brought some 100,000 copies at the first exhibition.

On display at the current exhibition are more than 10,000 titles of books published in Taiwan over the past two or three years.

They cover literature, art, history, law, economics, sciences, management, engineering and medicine, with books on social sciences taking up a big percentage.

To mark the 120th anniversary of the birth of Dr. Sun Yat-sen (1866-1925), the founder of the Chinese democratic revolution, which falls November 12 this year, the exhibition displays some 300 of Sun's works, calligraphy, photos and other materials as well as works and theses on Dr. Sun Yat-sen.

More than 150 publishing houses in Taiwan have offered books for this exhibition, compared with some 50 publishing houses last year.

The aim of the exhibition is to promote cultural exchanges across the Taiwan Straits, said Shi Jingxuan, chairman of the board of the Hon Wing Book Center, at today's opening ceremony.

"Now Taiwan books have been exhibited on the Chinese mainland and I hope an exhibition of books published from the Chinese mainland will be held in Taiwan some day," he said.

TAIWAN ON PRC'S SEPARATION OF PARTY, GOVERNMENT

OW271415 Taipei International Service in English 0200 GMT 27 Jul 86

[Commentary: "The Dengist Version of Political Reform"]

[Text] Chinese Communist theoreticians recently called for a separation of party and government functions, urging the Communist Party to get out of government affairs and a redistribution of political power.

In an article published this Sunday by the official XINHUA NEWS AGENCY, Peking Propaganda Chief Zhu Houze quoted Deng Xiaoping as saying that political reform is urgent and necessary The bold call, in the words of Western diplomats, was made during a conference last month at the Central Party School. Most participants at the conference agreed that the functions of the Communist Party must be separated from those of the government, the article said. One delegate was quoted as saying having the party do the work of government is like trying to run a modern industry with old-fashioned handicraft techniques.

Those who remember the 15-year sentence imposed on dissident Wei Jingsheng for his call for political modernization several years ago may wonder whether Deng has really come to agree with the young man he put in jail. The answer is no. There is a big difference between what Deng has in mind regarding political reform and what Wei demanded. Wei Jingsheng suggested a fifth modernization in reference to the Dengist four modernizations. He meant political democratization, the kind of political reform that will put the Communist Party out of business. The political reform suggested by the Dengists today has nothing to do with democratic rule. It merely wants the leftists in the party to get out of the way of economic reform. Neither Deng nor any of his followers has said anything about abandoning the four basic principles which will remain the bedrock of the Peking regime.

As one western diplomat remarked, the Communist Party is not going to abandon its leading role, adding that the Communist Party is not going to commit hara-kiri. Indeed, the Dengists are not talking about relinquishing control by the party. What they seek to achieve is what they call socialist democracy, meaning political reform within the framework of the communist system.

Actually, there is nothing new about the latest call for political reform. Last year Peking ordered party secretaries to halt interference in business enterprises, but the move aroused controversy and a considerable opposition from party cadres reluctant to surrender their power. Because of the obstructionist behavior of the party cadres in factories and business enterprises, the Dengist economic reform in the cities has met with severe setbacks. This is the background against which the call for political reform is being raised. Those who interpret the call as a signal for further loosening up by Peking would be in for a big disappointment. The kind of political reform suggested by Wei Jingsheng will have to wait until the Communist Party is toppled.

TAIWAN ATHLETES, REPORTERS GET SOVIET VISAS

OW300747 Tokyo KYODO in English 0701 GMT 30 Jul 86

[Text] Hong Kong, July 30 KYODO -- Taiwan's women's basketball team has obtained visas from the Soviet Embassy in Tokyo to play in the world championships scheduled for Moscow in August, according to an announcement from Taiwan received here Wednesday.

The 18-member delegation is the first Taiwanese group to receive visas from the Soviet Union, which does not maintain diplomatic relations with the government in Taipei. Three television reporters from Taiwan were also included in the group that was given visas to enter the Soviet Union.

ECONOMICS MINISTER COMMENTS ON TRADE WITH U.S.

OW281135 Taipei CNA in English 0941 GMT 28 Jul 86

[Text] Taipei, July 28 (CNA) -- The Republic of China [ROC] bought more American goods on a per capita basis last year than the United States bought ROC goods, Economics Minister T. H. Li said.

He said the country imported more than U.S. $3 billion worth of American goods last year while exporting U.S. $13 billion of products to the United States. As the U.S. has a population of 240 million against the ROC's 19 million, Li said, the people here are buying more American goods per capita.

If per capita income also is brought into the picture, it is more than evident, Li said, that the Republic of China is sincere in trying to improve trade relations with the United States.

Per capita income in the United States was U.S. $12,000 last year while in the ROC it was U.S. $3,100.

During next month's Sino-American trade talks in Washington, Li said, the Chinese delegation should point these facts out to the American side.

TAIWAN WARNS OF SOVIET SOUTH PACIFIC EXPANSION

OW260419 Taipei CNA in English 0310 GMT 26 Jul 86

[Text] Taipei, July 25 (CNA) -- The Soviet Union has never stopped its ambition to communize the world, and the latest of its series of ploys taken to realize its goal is to expand Soviet influence in the southern Pacific Ocean, the spokesman for the Ministry of Foreign Affairs said Friday.

Cheyne J.Y. Chiu made the remark in a regular news conference early in the day. He said the Soviets have stepped up their campaign to broaden the USSR's influence in the southern Pacific region by establishing diplomatic relations or signing fishery agreements with the countries in that area.

Because some Western countries have conceived the unrealistic idea of co-existence with the communists, the Soviets have utilized the concept and broadened their military presence all over the world, Chiu said. In recent years, the Soviets have continued to strengthen their air and naval powers in Asia and Pacific areas.

The free world should unite together in order to check the Soviets' rapid expansion, Chiu stressed.

REPORT, KNOWLEDGE RAISES CONFIDENCE IN DAYA BAY

HK270846 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1132 GMT 24 Jul 86

[Report: "People From All Walks of Life in Hong Kong Continue To Dig Into Issue of Safety of Daya Bay Nuclear Power Plant" -- ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 24 Jul (ZHONGGUO TONGXUN SHE) -- Recently, people from all walks of life in Hong Kong have been digging into the issue of the safety of the Daya Bay nuclear power plant. Many authorities, experts, and scholars believe that the more people know about nuclear power, the greater will be their confidence in its safety. If the parties involved can provide more information about the Daya Bay nuclear power plant and try to disseminate common knowledge about nuclear power, the local population's "nuclear power panic" can be gradually overcome.

According to a research report on the feasibility of the Daya Bay nuclear power plant released yesterday by one of the parties involved, in the event that an accident occurs at the Daya Bay nuclear power plant, its consequences, according to the most pessimistic estimation, will still be acceptable to Hong Kong people. The risk to which Hong Kong will be exposed is even more insignificant if it is calculated in a more realistic manner. According to this report, the site on Daya Bay is suitable for building a nuclear power plant. The report is the work of some foreign experts and Britain's Atomic Energy Administration. They conducted this reasearch at the request of China Power and Light and Guangdong Nuclear Power Corporation 6 years ago. The details have yet to be published.

Many experts and scholars have suggested that given the world's limited oil reserves, nuclear power is a must if Hong Kong's industry and commerce want to enjoy a cheap power supply for a long time. They have pointed out that nuclear power is less dangerous than thermal power. One will find that under normal circumstance, a thermal power plant discharges more radioactive substances than a nuclear power plant even if one glosses over the accidents that may occur in the course of the excavation and transportation of coal. In addition, by producing carbon dioxide and dust, coal causes pollution. The experts believe that since China has been able to produce nuclear bombs and launch satellites, it can also run nuclear power plants. One should no longer question China's ability to run nuclear power plants.

Last night, returning from his study trip to Britain and France, Yaxley, Hong Kong's secretary for economic services, said that during his trip, he collected much information about how various nuclear power plants are going to deal with emergencies. The Legislative and Executive Councils will send a delegation to the United States and Europe next month to study their nuclear power plants' safety measures. The University of the Hong Kong and the Hong Kong Polytech will jointly organize a symposium on nuclear power to thoroughly study various aspects of nuclear power. These activities indicate that people from all walks of life in Hong Kong will continue to rationally dig into the issue of the safety of the Daya Bay nuclear power plant.

Some people hold that what Hong Kong people feel is a crucial factor in the debate over the safety of the Daya Bay nuclear power plant.

It is understandable that people should be worried about nuclear accidents. However, the best policy is to soberly and rationally look for the safest measures. One cannot solve problems by being emotional. One can only complicate matters by introducing politics to the issue.

A few days ago, Professor Yang Zhenning, a noted physicist, called on those who have gone the furthest in rejecting nuclear power to soberly study problems but not to raised objections "hysterically." He also pointed out that the introduction of politics to the issue of nuclear power is very dangerous to Hong Kong politically and economically.

Yesterday afternoon, Jacobs, Hong Kong's financial secretary, stated at the Legislative Council that China's Ministry of Nuclear Industry had agreed to distribute to the members of the Legislative Council the feasibility report's section on site choice and that it was considering the disclosure of this section to the press for reference. It is believed that this move can help people more closely study the issue of nuclear safety.

COMMENTARY ON GORBACHEV'S VLADIVOSTOK SPEECH

HK291330 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1135 29 Jul 86

[Short commentary by Yu Jin: "Does the Soviet Union Intend To Withdraw its Troops From Afghanistan and Mongolia?"]

[Text] On 28 July, Gorbachev, General Secretary of the CPSU Central Committee, gave a speech in Vladivostok (Haisenwei). In this speech, he said that the Soviet Union will withdraw some of its troops from Afghanistan in stages within the year and also intends to withdraw a substantial part of its troops from Mongolia. These two issues are related to two of the three major obstacles to the improvement of Sino-Soviet relations as China constantly states. Does this mean that the Kremlin has sincerity in improving its relations with China? This attracts people's attention.

After hearing Gorbachev's remarks, we must also see what action the Soviet Union takes in the future.

On the issue of withdrawing Soviet troops from Afghanistan, Gorbachev said the Soviet Union will pull out its troops in stages and will withdraw six regiments by the end of this year, including a tank regiment, two motorized infantry regiments, and three antiaircraft artillery regiments, totalling 6,000 to 8,000 troops. This merely accounts for less than 10 percent of the 115,000 Soviet troops stationed in Afghanistan. Moreover, as the Afghan resistance forces do not have an air force, the Soviet Union has no need to station the antiaircraft artillery troops in that country. Neither can the tank regiment and the motorized troops play a big role in the mountainous areas of Afghanistan. Therefore, the withdrawal of such six regiments will not affect the Soviet military presence in Afghanistan.

Gorbachev also mentioned the precondition for the Soviet troops withdrawal from Afghanistan. That is, "a political solution must be completely worked out." "If the interference in Afghanistan continues, the Soviet Union will not disregard her neighbor's sufferings." This means that all nations must stop their support for the Afghan people, and the Afghan guerrillas must stop their resistance and recognize the pro-Soviet regime in Kabul.

This condition will never be accepted by the Afghan people and by other governments in the world. Therefore opinion in many countries has expressed skepticism over the Soviet Union's sincerity for troop withdrawals fyom Afghanistan.

Regarding the issue of Soviet troop withdrawals from Mongolia, Gorbachev says only that discussions are under way with the Mongolian leaders, without further explanation of how many troops will be withdrawn, and the schedule for the withdrawal. On this, people will have to wait for further developments in the state of affairs.

Gorbachev did not touch upon the issue of Vietnam sending its troops to Kampuchea. Right now, the new Vietnamese Communist Party leader Truong Chinh is having a "vacation" in the Soviet Union. Will he talk over this issue with the Soviet leadership? What are the conditions in the talks between them?

Anyway, this is the first time the Soviet leadership has openly expressed the withdrawal of Soviet troops from Afghanistan and Mongolia, and the long-term rigid attitude of the Kremlin has relaxed somewhat, which is worth welcoming. People should not expect the Soviet Union to entirely remove the three major obstructions in Sino-Soviet relations all at once; if the Soviet Union really did withdraw its troops from Afghanistan and Mongolia step by step, and further reduce, and even stop, its support of the Vietnamese invasion of Kampuchea, the gradual defrosting of Sino-Soviet relations will be possible.

We should also see that the tremendous expenditure of the Soviet Army in its invasion of Afghanistan, its more that 400,000 troops stationed in Mongolia, and its support of the Vietnamese invasion of Kampuchea have seriously affected the Soviet economic development. Moreover, Gorbachev is pushing forward economic reform in a big way, which needs an increase in construction investment. Therefore, the Kremlin means to reduce some of its military expenditure, However, if the Kremlin should fail to make basic change in its foreign policies, it will not be easy for it to genuinely withdraw its troops from Afghanistan and Mongolia.

Speech Merits 'Highest Attention'

HK300108 Hong Kong TA KUNG PAO in Chinese 30 Jul 86 p 2

["Political Talk" column by Shih Chun-yu: "The Tashkent and Vladivostok Speeches"]

[Text] Beijing Stays Silent

Up to yesterday Beijing had still not commented in reaction to Gorbachev's 28 July speech in Vladivostok, saying only that it was studying the speech. However, XINHUA swiftly filed a report on the speech from Moscow on the day it was delivered. This indicates the importance attached by China's news media to this news item.

The press section of the PRC Foreign Ministry will hold a press briefing today, and Gorbachev's speech is expected to be the key issue raised by chinese and foreign journalists.

On 24 March 1982 Brezhnev, then general secretary of the CPSU, made a speech in Tashkent in which he raised the question of improving relations with China. China reacted cautiously to that speech. Brezhneu also attacked China in his speech, saying that China "echoes imperialist policies on the world stage."

China Attaches Importance to Practical Deeds

A PRC Foreign Ministry spokesman issued a statement on this, saying that China had noted the Tashkent speech but "resolutely rejected the attacks on China contained in it." The statement also stressed that "it is the practical deeds of the Soviet Union to which China attaches importance in Sino-Soviet relations and in international affairs."

No Mention of Japanese Northern Territories

There has indeed been some progress over the past 4 and more years in the field of economic, trade, and cultural relations between China and the Soviet Union. Gorbachev used a moderate tone in dealing with relations with China in his speech. This was a marked change from Brezhnev's Tashkent speech of more than 4 years ago.

Gorbachev also had a good deal to say about improving relations with Japan. He said that good signs had appeared in these relations, and mutual visits between the leaders of the two countries were not on the agenda.

The Japanese Government has welcomed this, but it has also noted that the Soviet Union did not mention the "northern territories," the sole obstacle hampering normalization of relations between the two countries. The Japanese Government pointed out that the Soviet Union intended to shelve this deadlocked issue and develop economic cooperation. This has always been the Soviet Union's diplomatic strategy toward Japan, and it seems there has been no change in it.

Gorbachev's Speech Reflects Two Points

Gorbachev's speech reflected two points: First, the Soviet Union attaches more importance to economic development than during the Brezhnev era. The dispatch of troops to Afghanistan in recent years has become a heavy burden, and stationing troops in Mongolia also costs an enourmous sum. A number of Western economic experts who have visited the Soviet Union hold that the deterioration of the country's economy is now accelerating. Due to the drop in international oil prices, there has been a sharp decline in the Soviet Union's foreign exchange income from oil and natural gas, which make up 70 percent of the country's export volume. In addition there are not enough consumer materials at home, and the situation can only get worse unless some way is found of cutting military spending.

Second, proceeding from the current national economic situation, Gorbachev has proposed eliminating bureaucratism and instituting economic reforms at home while striving for a more relaxed international environment abroad. The Soviet Union has a particularly practical need to improve relations with China and Japan, develop economic cooperation, and so on.

Of course, the world's peoples will pay attention to whether the Soviet Union will come up with further practical deeds to express its sincerity in striving for relaxation. First of all, the Afghan issue will be a test of the new Moscow policy. However, no matter what, Gorbachev's Vladivostok speech is a trend meriting the highest attention.

FBIS

DAILY REPORT

CONTENTS

China

Vol I No 147 31 July 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

RENMIN RIBAO Views Geneva Nuclear Talks [29 Jul] A 1

SOVIET UNION

PRC's Moscow Trade Fair Draws Large Crowds C 1

NORTHEAST ASIA

RENMIN RIBAO on Mass Movement in South Korea [30 Jul] D 1
DPRK Provincial Group Concludes Liaoning Visit [LIAONING RIBAO 13 Jul] D 1

SOUTHEAST ASIA & PACIFIC

PRC To Release 25 Vietnamese in Mid-August E 1
Wu Xueqian Hosts Banquet for DK's Sihanouk E 1
TASS Reports Truong Chinh Arrival in Moscow E 1

EASTERN EUROPE

PRC Envoy at Romanian Rally for PLA Anniversary H 1
RENMIN RIBAO Views Poland's Economic Reform [22 Jul] H 1

MIDDLE EAST & AFRICA

Li Xiannian Greets Syria on Anniversary of Ties I 1
Youth Conduct Donation Drive for Africans I 1

PRC NATIONAL AFFAIRS

Overall Rural Party Rectification Planned K 1
Shanghai Notes Economist's Criticism of Zhao K 2
Scholar Says People's Supervision Key to Reform K 2
National Conference Stresses Cultural Concepts K 4
Economist Warns Against Lack of Family Planning K 5
Nuclear Bureau Releases Safety Regulations K 6
Bumper Harvest of Summer Grain, Rapeseed K 8
Crackdown on Economic Crimes Proves Fruitful K 9
State Commission Urges Raising Economic Results K 11
Economics Spokesman on Foreign Capital Increase [CHINA DAILY 31 Jul] K 12

Rural Economic Theory Highlights Commodities [RENMIN RIBAO 18 Jul] K 13
RENMIN RIBAO on Fund Control and Economics [26 Jul] K 16
Shanghai Graduates Opt To Work in Xinjiang K 17
State Economic Commission Circular on Floods K 17
Deng Pufang Speaks on Employment of Handicapped K 18
Hu Yaobang's Arboreal Proposal Said To Work K 19
PLA Puts Emphasis on Systems Engineering K 20
Lanzhou Military Region Units Rectify Misconduct K 20
KAIFANG on Developing Lateral Economic Ties [8 Jul] K 21
Vice Minister Urges Reduced Expenditures K 24
State Council Limits Capital Construction K 24
GUANGMING RIBAO on Labor Resources Market [12 Jul] K 25
Bank Reforms End Money Shortages in Five Cities K 29
Collective, Individual Inputs Fortify Economy K 31
Highway Construction Enters 'Golden Age' K 31
Wang Bingqian Reports on Jan-Jun Tax Revenues K 33
Press Conference Told of Boom in Leasing Business K 33
Li Peng Stresses Need for Energy Conservation K 34
Zhao Ziyang Pays Last Respects to Li Ziyuan K 35
Wan Li on Railway Responsibility System K 36
PLA Automated Command Network Progress K 37
Yu Qiuli Urges Army No Longer Engage in Trade K 37

PRC REGIONAL AFFAIRS

EAST REGION

Anhui Secretary Views Propaganda Work Importance O 1
Shanghai To Disband 'Administrative' Companies O 2

CENTRAL-SOUTH REGION

Guangzhou Military Forum Marks PLA Anniversary P 1
Haikou Garrison Checks Army Bearing, Discipline P 1
Henan Courts Issue Notice on Hooliganism P 1
Hubei Holds Forum on Supporting Army Reform P 2
Briefs: Changjiang Valley Economic Paper P 2

SOUTHWEST REGION

Lhasa Implements Policy on Religious Belief Q 1
Xizang Leaders Visit Geothermal Power Plant Q 1
Yunnan Border Units, Leaders Celebrate Army Day Q 2
Briefs: Chongging Port Management Regulation; Yunnan Foreign Investment Q 2

NORTH REGION

Hebei To Control Capital Construction Investment R 1
Nei Monggol Holds Get-Together To Mark Army Day R 1
Ni Zhifu Inspects Tianjin Grassroots Enterprises [TIANJIN RIBAO 18 Jul] R 2

NORTHEAST REGION

Gao Di Addresses Jilin CPPCC Work Conference S 1
Liaoning Secretary on Economic Work, Party Style S 2
[LIAONING RIBAO 17 Jul]

NORTHWEST REGION

Qinghai's Yin Keshing Attends Army Day Gathering T 1
Shaanxi Institutes Birth Control Regulations T 1

HONG KONG MEDIA ON CHINA

Official Asks for New Daya Bay Nuclear Study W 1
[HONG KONG STANDARD 30 Jul]
Hong Kong Paper Details PRC's 'Friendly Reactor' W 1
[HONG KONG STANDARD 31 Jul]
Dandong Conducts Experiments in Political Reform W 2
[TA KUNG PAO 27 Jul]

RENMIN RIBAO VIEWS GENEVA NUCLEAR TALKS

HK301546 Beijing RENMIN RIBAO in Chinese 29 Jul 86 p 6

["News Explanation" by Fang Min: "The Two Nuclear Talks Currently Held in Geneva Between the United States and the Soviet Union"]

[Text] During the last 10 days of July, the United States and the Soviet Union will be holding two talks in Geneva on the question of nuclear weapons. One of the talks will be a special meeting of the U.S.-Soviet Permanent Consultation Committee, which on 22 July will begin to discuss the disputes over the Strategic Arms Limitation Treaty; another talk will be the U.S.-Soviet experts meeting which will begin on 25 July to discuss the question of nuclear testing. The reason that the United States and the Soviet Union are holding the two talks is because the two sides have recently had heated disputes over the two questions. However, on the other hand, that both sides have agreed to hold talks shows that both sides now want to ease up the tension in their relations.

The U.S.-Soviet Permanent Consultation Committee has long been established in accordance with the U.S.-Soviet anti-ballistic missiles treaty signed by the two countries in 1972. Its main functions are to deal with questions concerning the observance of the Strategic Arms Limitation Treaty and other technical questions concerning arms control. According to the stipulations of the treaty, the U.S.-Soviet Permanent Consultation Committee holds two regular meetings every year. The next regular meeting will be held at the end of September of this year. This special meeting is held according to the demand of the Soviet Union.

Over the past 2 months, the United States and the Soviet Union have had heated disputes on whether the Strategic Arms Limitation Treaty should be scrapped or not. On 27 May, Ronald Reagan declared in a policy statement that the United States will no longer be bound by the Strategic Arms Limitation Treaty at the end of this year because the Soviet Union has long violated the treaty and the United States can no longer have its hands tied. The Soviet Union has also declared that the wanton scrapping of the treaty by the United States is aimed at expanding its nuclear arms and seeking unilateral superiority. If the United States really scraps the treaty, the Soviet Union will also adopt necessary measures to prevent the strategic equilibrium from being damaged. The Soviet Union has declared that it has not violated the treaty and that the American accusation against the Soviet Union is to find excuses for its own violation of the treaty. The heated disputes between the United States and the Soviet Union have caused serious concern around the world. Both the people inside the United States and the West European countries have expressed concern over Reagan's announcement and hoped that the Reagan administration will act cautiously. At the same time, in June this year, the Soviet Union also put forward an "intermediate plan" for arms control and expressed some flexibility on arms control. Under such circumstances, in order to ease up the tension in their bilateral relations, both sides have decided to hold talks to discuss the question of the Strategic Arms Limitation Treaty. However, both sides have different interests in this talk, so it seems that there will certainly be disputes between the two sides during the talk. The official spokesman for the U.S. Government has said that the representatives of the United States will expound on the U.S. position on the treaty and at the same time, demand that the Soviet Union explain its violation of the treaty while the Soviet Union has said that the Soviet Union will address inquiries to the United States.

As far as the talk on the question of nuclear testing is concerned, the situation is relatively complicated. The attitudes of both the United States and the Soviet Union are always based on their respective needs for developing nuclear weapons. The situation in past negotiations on nuclear testing, in which the United States and the Soviet Union were the chief rivals, showed that both the treaty on partial prohibition of nuclear testing which was signed in 1963 and the treaty on restricting the scale of underground nuclear testing which was signed in 1974 only prohibited the nuclear testing which both countries no longer carry out. What is more, because there have been a lot of problems and differences which cannot be solved between the two sides, the negotiations on nuclear testing have been suspended for many years. Over the past year, the Soviet Union has repeatedly proposed that both sides stop nuclear testing. And beginning last August, the Soviet Union has several times extended the term of its unilateral suspension of nuclear testing, demanding the United States to follow suit and express more flexibility on the question of verifying nuclear tests. However, the United States did not agree to the Soviet proposal on suspending nuclear testing. The disarmament agency of the United States has stated the position of the United States on the question of nuclear testing by making it clear that the overall prohibition of nuclear testing is a long-term goal of the United States, but this goal cannot be realized in the near future. The United States stated that from 1976 to 1985, the Soviet Union carried out altogether 190 underground nuclear tests, which, generally speaking, have already satisfied the Soviet needs while the United States still needs to rely on nuclear tests to increase the reliability of its nuclear deterrent force. As a result, during the year the Soviet Union suspended its nuclear tests, the United States, on the contrary, carried out more than 10 nuclear tests. Although this time, the United States and the Soviet Union have agreed to hold a talk, they have different aims at the talk. The Soviet Union has said that the talk must discuss such questions as supervision and verifying nuclear tests and looking for measures for safely giving up nuclear testing while the United States has insisted on centering the talk on nuclear testing on improving the verification of nuclear tests. It seems that the two talks will not go smoothly.

PRC'S MOSCOW TRADE FAIR DRAWS LARGE CROWDS

OW301846 Beijing XINHUA Domestic Service in Chinese 1311 GMT 28 Jul 86

["The Chinese Are Terrific!" -- Sidelights on the Chinese Economic and Trade Exhibition in Moscow by Zhang Mengyi" -- XINHUA headline]

[Excerpts] Moscow, 28 Jul (XINHUA) -- The Chinese Economic and Trade Exhibition, which opened in Moscow on 25 July after more than 30 years, has received praises from Soviet visitors, who showed great interest in the fair.

The exhibition, held at Moscow's Sokolnikiy fark in an area of 2,500 square meters, has attracted some 20,000 visitors daily since its opening. Early in the morning, a continuous stream of visitors began to gather at the park entrance to wait for its opening. People formed a 1-km long line to purchase tickets. Some people had to wait for more than 2 hours under the scorching sun before they could enter. [passage omitted]

"The exhibition is great!" "The Chinese are terrific!" These were words of praise written by many visitors in the visitors' book. [passage omitted]

An atmosphere of friendship filled the exhibition hall. The visitors' interest in China for exceeded their interest in the exhibits. Many surrounded the Chinese personnel and cordially chatted with them, inquiring about many things. After years of lack of contact between the two countries, they are curious about things in China.

Questions they asked include: "What are China's secrets in achieving such a development in recent years?" "How did China carry out its reform and what are the changes in China's economic policy?" "How does China manage agriculture?" "Does China allow pay difference? And what is your average wage?" "Is not China afraid of capitalist infiltration after opening itself to the outside world?"

These questions reflect the Soviet people's desire to understand more about China. The candid and sincere conversations have improved mutual understanding.

RENMIN RIBAO ON MASS MOVEMENT IN SOUTH KOREA

HK301030 Beijing RENMIN RIBAO in Chinese 30 Jul 86 p 6

["Jottings" by Rong Jiu: "Relying on Tear Gas for Survival"]

[Text] It has been learned that in order to suppress the mass movement, which is spreading like wildfire, the South Korean authorities monthly allocate a huge sum of money for buying tear gas. A 1985 report of South Korea's Ministry of Civil Affairs confessed that the monthly expenses of such purchases totalled more than $1.5 million. After calculation, this shows that the annual expenses of the purchase totalled about $20 million. But it is ridiculous that a regime which relies on tear gas for survival always promotes itself as having a "democratic system." It is therefore no wonder why some newspapers satirized the authorities and said that the "price" of this "democratic system" was "very high."

The dictatorship of the South Korean authorities goes against the will of the people. This year, there have been over 550 student demonstrations in Seoul alone. When the police suppressed the demonstrations in a crude way, they often used tear gas in addition to cudgels, buttstocks and bullets. But the mass movement was not stopped. The more tear gas is fired, the larger the demonstrations will become, and the more demonstrators will participate. This is because though tear gas can temporarily make people shed tears and feel dizzy, it cannot stop people from understanding the nature of this crude and weak dictatorship.

At present, the South Korean people's anti-dictatorship struggle and striving for democracy is developing in an in-depth way. It seems that the South Korean authorities will have to spend more on purchasing tear gas, but there are only days left for a regime which relies on tear gas for survival.

DPRK PROVINCIAL GROUP CONCLUDES LIAONING VISIT

SK300734 Shenyang LIAONING RIBAO in Chinese 13 Jul 86 p 1

[Text] The seven-member North Pyongan Province friendship delegation headed by Yu Chae-man, vice chairman of the North Pyongan Provincial Administrative and Economic Guidance Committee of Korea, left Shenyang for Beijing for a visit on the evening of 12 July in the company of Zhao Ziliang, deputy director of the provincial Foreign Affairs Office. The delegation was invited to our province to make a visit and to participate in the provincial and Shenyang City activities marking the 25th anniversary of the signing of the China-Korea Treaty on Friendship, Cooperation and Mutual Assistance.

When the distinguished Korean guests were leaving Shenyang, Zuo Kun, provincial vice governor, Cheng Jinxiang, secretary general of the provincial People's Government, Gao Jizhong, vice mayor of Shenyang City, and Lou Guochen, director of the Shenyang City Foreign Affairs Office, were present at the station to see them off.

During its stay in our province the North Pyongan Province friendship delegation laid wreaths at Shenyang's cemetery for martyrs who died in the war to resist U.S. aggressin and aid Korea. It also visited plants, mines, rural areas, farm produce markets and rural specialized households in Shenyang, Fushun, and Liaoyang Cities, and toured the imperial palace and the northern mausoleum in Shenyang, the Dahuofang reservoir in Fushun, and other scenic spots. The Korean comrades were warmly welcomed wherever they went.

SOUTHEAST ASIA & PACIFIC

PRC TO RELEASE 25 VIETNAMESE IN MID-AUGUST

OW310646 Beijing XINHUA in English 0636 GMT 31 Jul 86

[Text] Beijing, July 31 (XINHUA) -- The Chinese Government has decided to release in mid-August 25 armed Vietnamese personnel who had illegally intruded into Chinese territory and four Vietnamese spies who had illegally sneaked into China.

Wang Yingfan, deputy director of the Asian department of the Chinese Foreign Ministry, informed Vu Thuan, counsellor of the Vietnamese Embassy in Beijing, of this decision at a meeting here this afternoon.

The 25 armed Vietnamese personnel were captured by Chinese frontier guards when they were carrying out armed provocations and sabotage inside China. The four Vietnamese spies were arrested by Chinese Public Security departments when they were engaged in espionage and collecting intelligence in China.

Wang Yingfan said that all the 29 Vietnamese had admitted that they had been dispatched by the Vietnamese authorities to intrude into Chinese territory and carry out illegal activities against China. They all pleaded guilty.

In the spirit of humanitarianism, Wang said, the Chinese Government had decided to release them so that they could be reunited with their families. The Chinese side has also decided to hand over to Vietnam another five Vietnamese who had intruded into Chinese territory.

WU XUEQIAN HOSTS BANQUET FOR DK'S SIHANOUK

OW301600 Beijing XINHUA in English 1402 GMT 30 Jul 86

[Text] Beijing, July 30 (XINHUA) -- Democratic Kampuchean President Samdech Norodom Sihanouk and Madame Sihanouk were honored at a banquet given by Chinese State Councillor and Foreign Minister Wu Xueqian here tonight. Sihanouk said, "We were very happy to attend the banquet before our forthcoming visit to some ASEAN countries and going to Kampuchea." Wu wished them a successful visit to these ASEAN countries.

TASS REPORTS TRUONG CHINH ARRIVAL IN MOSCOW

OW270052 Beijing XINHUA in English 0042 GMT 27 Jul 86

[Text] Moscow, July 26 (XINHUA) -- New Vietnamese leader Truong Chinh arrived here today, the official news agency TASS reported. TASS said that the 79-year-old leader came for "a rest" at the invitation of the Soviet party leadership.

Truong Chinh became general secretary of the Central Committee of the Communist Party of Vietnam on July 14, four days after the predecessor Le Duan's death. Truong Chinh, who is also president of the Council of State, is expected to meet with Soviet leaders.

Earlier this month, one day after the death of 79-year-old Le Duan, Vietnamese Foreign Minister Nguyen Co Thach paid a short visit to the Soviet Union and discussed "some issues of mutual interest" with his Soviet counterpart Eduard Shevardnadze.

PRC ENVOY AT ROMANIAN RALLY FOR PLA ANNIVERSARY

OW300224 Beijing XINHUA in English 0102 GMT 30 Jul 86

[Text] Bucharest, July 29 (XINHUA) -- The Romanian Defense Ministry held a rally today to celebrate the 59th anniversary of the founding of the People's Liberation Army of China (PLA). Addressing the rally in the garrison command in Giurgiu, in south Romania, Lieutenant Colonel Luca Dumitru, commander of the garrison, said the foundation of the PLA was an important event in China's struggle against foreign and domestic enemies. Dumitru said the exchange of visits by the Romanian and Chinese armies in recent years have increased mutual understanding and friendship.

Chinese Ambassador Yu Hongliang and Military Attache Shi Shangwen also attended the rally. Shi Briefed the meeting on the history of the Chinese Army and its achievements in the struggle for the modernization of national defense.

RENMIN RIBAO VIEWS POLAND'S ECONOMIC REFORM

HK250923 Beijing RENMIN RIBAO in Chinese 22 Jul 86 p 7

["Roundup" by Zhou Xiangguang: "From Recovery to Development -- Poland's Economic Reform Enters Second Phase"]

[Text] "When other socialist states made investments in their economies in the past years, we suffered huge losses, losing much precious time," therefore, at present, "the task of prime importance of the whole Polish nation is to strengthen the process of development, to make up for lost time, and to narrow the gap with the advanced countries in science and technology and economics." This is the call raised by Wojciech Jaruzelski, first secretary of the Polish United Workers Party, at the party's 10th National Congress held at the beginning of this month.

The faults in the economic policies in the 1970's and the wave of strikes which engulfed the whole country in 1980 caused colossal losses to Poland's economy. Although after military control was imposed, there was a gradual economic upturn beginning at the second half of 1982, the year's national income was just 76.7 percent of the 1979 level. To extricate the country from an economic crisis, the Polish authorities put forth the principle concerning economic reform in July 1981 and began implementing it in 1982. This is the biggest reform plan undertaken since Poland's liberation. It involves the entire economic structure, including the systems of state-owned enterprise management, planning, price wage, foreign trade, and finance. At the same time, the Polish government also formulated a 3-year economic recovery plan (1983-85), a plan designed to overcome crises. Through several years of efforts, the reform has begun to succeed and most of the tasks in the plan have been overfulfilled. During the 3-year plan period, the national income increased by 15.7 percent and industrial production went up by 16 percent. Rich harvests were reaped in agricultural production in consecutive years and the total agricultural output value rose by 10 percent. The development of animal husbandry took good shape. The state's budget deficits were becoming smaller and the inflation rate dropped from 101 percent in 1982 to 14.8 percent. The country had a favorable balance of trade with Western capitalist countries for 3 years running, a cumulative total of $3.8 billion. There was a marked improvement in market supply and living standards. Although at present the economy has not yet regained the highest levels prior to 1979 in all ways, it has begun to pick up. Therefore, the Polish party's 10th National Congress held at the beginning of this month announced that Poland's economic reform would enter its second phase.

The aim of carrying out the second-phase economic reform is to switch the economy steadily to the track of intensive development and its central task is "to exercise autonomy in all sectors within the framework of the national economic planning, to combine the collective interests of enterprises and their staff members and workers with the common interests of the entire people through exercising autonomy, and to put the practice of assuming full responsibility for one's profits and losses on the basis of making a profit by fair means rather than by encroaching upon the interests of customers." The report "On the Principles Concerning the State's Social and Economic Development for 1986-90 and to 1995" delivered by Premier Zbigniew Messner of the Polish Government at the Polish party's 10th National Congress indicates that the strategic objective in the current 5 years is "to create conditions for achieving a balanced and effective development for the state." This includes carrying out reform in the economic structure, accelerating the improvement of economic results, and achieving a balance in economic development as soon as possible. The report says: It is possible to increase the national income by 16 percent to 19 percent within 5 years. The existing plan of the economic structural reform is the first step of the current economic reform. According to the plan, quite a big difference in growth rates between different departments is permissible. This will help encourage the departments which have mastered advanced science and technology to develop before others and help the economy become export-oriented. During the reform, the importance of "economic coercion" will be stressed and economic, legal, and organizational means will be fully used to speed up the reform of the production patterns of enterprises. To improve economic results, transdepartmental groups will be formed and production, scientific research, and commercial units will be encouraged to establish relatively fixed relations between each other. With economic development steadily becoming balanced, the limits of power for the buying and selling parties to freely sign contracts will be gradually expanded so that the current distribution system of raw and semifinished materials and machines can be ultimately replaced. The central supreme administrative organ has carried out a major reform, reducing the number of ministries and redefining or improving the limits of authority and work methods. The second-phase reform will start with the continued reform of the central state administrative organs and strengthen the unity of government policies.

To implement the reform plan is not an easy job particularly when financial difficulties are extremely striking. The state has a budget deficit every year. Although the deficit has been reduced year after year in the last few years, the state still has a deficit of 35.2 billion zlotys after striking a balance between the central budget deficits and local budget surpluses in 1985. In the 1970's, the state raised loans on a large scale worth $40 billion or so. According to statistics, the state now still owes Western countries $31.4 billion and member states of the Council of Mutual Economic Assistance 5.8 billion rubles. The interest it has to pay on Western loans amounts to $3 billion a year. In addition, the reform is confronted with many other difficulties, such as ageing equipment, raw and semifinished materials and energy shortages, a dearth of manpower, and relaxed labor discipline. Therefore, not long ago Jaruzelski quite frankly and sincerely said: "We approach our reform with worries and anxieties but also with great hope." In the 42 years since the founding of the Polish People's Republic, its economy has developed rapidly. The current strengthening of reform and development will push the economy a step further.

LI XIANNIAN GREETS SYRIA ON ANNIVERSARY OF TIES

OW310040 Beijing XINHUA in English 0027 GMT 31 Jul 86

[Text] Beijing, July 31 (XINHUA) -- Chinese President Li Xiannian today sent a congratulatory message to Syrian President Hafiz al-Asad on the 30th anniversary of the establishment of diplomatic relations between China and Syria.

Li writes, "Despite international vicissitude the traditional friendship and the friendly cooperation between China and Syria have been strengthened and developed steadily in the past thirty years."

Li says he is convinced that friendly relations and cooperation will be developed further with efforts from both sides.

Chinese Foreign Minister Wu Xueqian also sent a message to his Syrian counterpart Faruq al-Shar' to mark the occasion.

YOUTH CONDUCT DONATION DRIVE FOR AFRICANS

OW301702 Beijing XINHUA in English 1426 GMT 30 Jul 86

[Text] Shanghai, July 30 (XINHUA) -- Over 10,000 young pioneers in Shanghai formed a 15-kilometer "friendship chain to aid African people affected by calamities" today.

July 30 was designated as a donation day for "African brothers in my heart" at the request of students in this, China's leading industrial center. They acted in response to a proposal to donate for African drought victims from students in 16 schools in Beijing, Shanghai and Tianjin on July 26.

The city today was decorated with slogans and banners supporting aid projects for Africa. Students, young workers and artists have turned out to give charity performances, sell goods and offer repair services to collect donations.

A young man told XINHUA: "The unity and friendship of the human race is the hope of the 21st century. We must try to help the African people, who share with us the same experience and fate."

The donation drive was pioneered earlier this week by 300 school children on their way to Dalian in northeast China for camping.

They collected donations from fellow passengers on board the ship, together with a Christian youth group, also from Shanghai.

OVERALL RURAL PARTY RECTIFICATION PLANNED

OW310154 Beijing XINHUA Domestic Service in Chinese 0647 GMT 30 Jul 86

[Excerpts] Beijing, 30 Jul (XINHUA) -- Nearly one million village party branches and 20 million party members in China's countryside will carry out party rectification in an overall manner between this winter and next spring. The party committees of various provinces, autonomous regions, municipalities directly under the central authorities, prefectures (cities) and counties, and the general offices for party rectification at all levels are earnestly studying and implementing the guidelines laid down by the forum of the secretaries of the provincial, prefectural, and city party committees held by the central commission for guiding party rectification on the work in party rectification and making preparations in a down-to-earth manner on conducting party rectification at the village level.

During May and June this year, the Central Commission for Guiding Party Rectification held meetings of secretaries of the provincial (prefectural and city) party committees in Zhengzhou, Nanjing, Changsha and Lanzhou on the work of party rectification. They further clarified the guidelines, tasks, requirements, and methods in conducting party rectification in the countryside, and strengthened the confidence of the party committees and the general offices for party rectification at all levels in carrying out party rectification well in the countryside, from beginning to end. Over the past month, most of the provincial, prefectural and city party committees have held meetings on party rectification, and made preparations in carrying out village-level party rectification in their provinces, prefectures, and cities. They unanimously agreed conducting villiage-level party rectification well is of great significance in promoting rural reforms and economic developments and in developing the two types of civilization. [passage omitted]

After studying Comrade Bo Yibo's speech which he made at the provincial (prefectural and city) party committee secretaries' forum on party rectification, the Zhejiang Provincial CPC Committee stressed the need to regard the village-level party rectification as a major event and list party rectification as an important item on the daily agenda of the provincial, prefectural (city), and county party committees. [passage omitted]

At the city-wide forum on rural party rectification held in late June, the Shanghai Municipal CPC Committee pointed out: Efforts must be made to utilize rural party rectification to further raise the awareness of the broad masses of party members in making reforms, overcome the erroneous ideas and unhealthy trends that undermine the reforms, and help people elevate the level of their political consiousness in vigorously making reforms. The party committees in Nei Monggol, Gansu, Qinghai, and other provinces and autonomous regions also pointed out: To do a good job in carrying out party rectification, it is necessary to help the broad masses of party members raise their ideological level, guide them to overcome the influence of traditional concepts on small-scale production and on natural economy, and further inclucate awareness in developing a socialist commodity economy. [passage omitted]

The General Office for Party Rectification of the Henan Provincial CPC Committee recently sent out a group of cadres to 17 prefectures and cities and more than 50 counties to help prepare them to conduct party rectification at the village level and solve existing problems. [passage omitted]

In order to achieve the goal of solving problems without creating a chaotic situation and to rectify party style, combat unhealthy trends, and help the broad masses of party members and people maintain their enthusiasm in making reforms, various provincial, prefectural and city party committees have also made some policy decisions in close connection with actual local conditions to help make preparations for conducting party rectification at the village level.

SHANGHAI NOTES ECONOMIST'S CRITICISM OF ZHAO

OW310642 Shanghai City Service in Mandarin 0000 GMT 31 Jul 86

["Daily Talk" by (A Min): "An Illustration Stressing Democracy"]

[Text] At a discussion meeting, economist Qian Jiaju commented on Premier Zhao's criticism of economic theory workers. He said: Premier Zhao's criticism is very pertinent but not entirely fair.

The above news carried in newspapers is indeed encouraging and inspiring. An economist has the courage and insight to give his own ideas on Premier Zhao's criticism. But more importantly, I think he has been influenced by the objective environment; that is, the democratic atmosphere. We all know that in the past, we experienced an undemocratic political atmosphere in which we were not allowed to speak the truth. At that time, we simply rejected innermost thoughts and feelings. Whoever gave a different view on a state leader's report or speech or government policy or decree usually faced imminent disaster.

Today, someone who openly points out Premier Zhao's criticism is not completely impartial, and moreover, nothing happens to him. This is indeed a reliable illustration of freedom of speech. This illustration will undoubtedly encourage those comrades who still have lingering fears or misgivings about speaking their mind freely and telling the truth.

SCHOLAR SAYS PEOPLE'S SUPERVISION KEY TO REFORM

HK310227 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0323 GMT 30 Jul 86

[Report by reporter Xu Hong: "Power Should Be Placed Under the Supervision of the People -- Fei Xiaotong on Political Structural Reform in China" -- ZHONGGUO XINWEN SHE headline]

[Text] Professor Fei Xiaotong has a frank and open personality, and he is also outspoken when discussing political structural reform. His remarks pierced to the truth. He quoted a viewpoint -- "Absolute Power Corrupts Absolutely" -- which is shared by such Western thinkers as Locke, Rousseau, and Montesquieu. Professor Fei advocated that in China's political structure, the people's supervision, as an important part, should be added to the leadership of the CPC, and he pointed out that this is the key to China's political structural reform.

Fei Xiaotong, in everyday clothes, sat by his desk which was piled with scripts, books, and newspapers when he was interviewed by this reporter. Not long ago, he accompanied Hu Yaobang to visit four West European countries. It is rare for a noncommunist democratic person to be seen in a delegation headed by a CPC leader on state visits. Even Fei Xiaotong himself felt the far-reaching significance of this arrangement. He said: "Can we regard this as a new sign in China's political structural reform?"

Fei Xiaotong, 76, is still full of vigor and quick in thinking. He likes to burst into laughter when talking, His friends and relatives say that the professor is happy-go-lucky and carefree. He seldom mentioned things in the past. However, he repeatedly emphasized the point that "historical experience has also proved the need to subject power to due supervision," and he also recalled his political career, which is full of frustrations: In 1957, he was wrongly labeled as one of the six leading rightist professors in the country because he dared to speak bluntly and wrote an article entitled "The Early Spring Atmosphere for Intellectuals." He was not rehabilitated until the downfall of the "gang of four." In 1983, he was elected vice chairman of the CPPCC National Committee.

Fei Xiaotong said: There must be sound system for the people to exercise their supervision, which must also be guaranteed under law. People's supervision should include opinion supervision and the functions of the supervisory organs. There is no need to set up any new supervisory organs, because the people's congresses and the CPPCC national and local committees can play such a role.

Fei Xiaotong held that the CPPCC may function like Britain's House of Lords. He said: The CPPCC gathers many democratic partisans and representatives of all circles, and has played a supervisory role in the past few years. The CPPCC meetings have put forward many critical opinions, including some very sharp ones. Of course, people daring to speak the truth are still in the minority among the CPPCC members, but things have become much better than before, Henceforth, this organization should play a greater role.

As for the people's congresses, Fex Xiatong held: First, the people's deputies must speak on behalf of their electorates; and second, the people's congresses should have more powers, including the rights to address inquiries to, and impeach, government officials. He said with deep feelings: "Now, there are too many officials in China, and it is too easy to be an official. An official may be free from any responsibility when he commits a major mistake and causes a loss of million of yuan."

As a famous sociologist, Fei Xiaotong has profound knowledge of China's social structure, and he is well aware of the resistant force of the traditional mentalities against China's reform. He pointed out: "The fundamental way is to arouse the people's democratic consciousness." He said: China's current superstructure remains on the foundation of a small-scale peasant economy. Without changing peasants ino workers and changing peasants' mentalities, there will be no fundamental change in the superstructure.. The peasants' political demand is merely to have some honest and upright officials and a good emperor to govern them. This is not a modern idea, and this does not place the people's supervision in a proper position.

However, Fei Xiaotong is still rather optimisitc about China's democratization process. He said: "Peasants now are becoming workers. The development of rural industries is the most effective way to change peasants into workers. In the past 6 years, some 60 million peasants have become workers through this channel. With the advance of this process, the consciousness of our whole nation will be greatly enhance." In recent years, Fei Xiaotong has visited many rural areas in the Changjiang Basic and many remote mountain areas to study the development of the rural economy and changes in the people's social life. Two days after the interview, he went on an inspection tour of some of the poorest areas of Gansu Province.

NATIONAL CONFERENCE STRESSES CULTURAL CONCEPTS

HK301348 Beijing WENYI BAO in Chinese 26 Jul 86 p 1

[Roundup: "National Conference of Cultural Bureau Directors Stresses Need To Make a Breakthrough in Cultural Concepts"]

[Text] How can we effectively command the 1 million-strong art performance contingent of our country and give play to their abilities and role in order to satisfy the needs of the people's cultural life? This is a great article to write. The National conference of Cultural Bureau Directors, held in Beijing from 10 to 16 July, discussed the question of how to write this article well through great efforts.

Talking with the participants during the conference, Zhu Houze, director of the Propaganda Department of the CPC Central Committee, said that in the next stage of reform, it is required that a breakthrough be made in cultural concepts.

He said: In order to ensure a long-term and stable development in the future, it is very necessary to give systematic consideration to the current status and course of development of our cultural work and to sum up our experiences in exercising leadership over cultural affairs. In the past, we made much administrative intervention in literature and art work, but few successes were achieved in this intervention. He reminded people to be tolerant of different views and ideas and be generous to comrades holding different views, so that the atmosphere and environment for study could be more relaxed. Conclusions should not be drawn in haste on some new concepts differing from traditional views; and support should be given to all positive efforts for exploration in blazing new trails. Otherwise, there will be more difficulties in developing our cultural undertakings as well as in our social development. He emphasized that in order to promote the vigorous and lively development of our cultural undertakings, we must dare to support those top-notch people so that they can advance more quickly. For a long time in the past, we did not give enough encouragement to top-notch people. Did this have anything to do with the doctrine on moderation and the traditional cultural ideas? This question merits our consideration. It is necessary to make conscientous efforts to cultivate a number of world-famous artists, scientists, and scholars. He advocated that the superior should survive and develop and the inferior should be eliminated through selection and competition so that culture and art can further develop. He pointed out that it is wrong to adopt an attitude of nihilism toward our national cultural traditions, but it is also necessary to pay attention to comparing them with modern culture abroad so as to find out in what aspects we have lagged behind and to catch up with the demands of our times. As to some seemingly fair and reasonable traditional concepts, including cultural concepts, we must reconsider them to see whether they are really the truth.

Wang Meng, minister of culture, spoke at the opening ceremony. He emphasized that striving for a long-term and stable development of China's literature and art work should be regarded as our strategic and guiding ideology. He said: China's culture and art are now in a period of change, development, and reform. People feel that things are often changed. This is true. By saying stable we mean the general orientation should be stable. So long as the cultural leadership and management departments cherish an attitude of seeking truth from facts rather than blindly following the higher authorities and what is written in books, bending with the wind, and creating disturbances and wrong tendencies, they can surely become a factor of stability in our cultural undertakings. [paragraph continues]

It is entirely unnecessary for a party organization at a certain level to draw a resolution or conclusion on a certain piece of literary work. In this sense, the opinion of any leading comrade can only be regarded his personal opinion to be taken as a reference by literature and art workers. However, the leaders should not neglect their duties either. They should give their opinions frankly and sincerely and join the disscussions on the basis of equality. Whether their opinions are right depends on whether they reflect the truth. He also pointed out that it is a good thing to have differences and controversies. All promising artists like to stick to their ideals in the face of diverse and confusing ideological trends. He also emphasized that it is necessary to overcome all factors of instability through reform so as to ensure the long-term and stable development of literature and art in our country.

In his closing speech, Gao Zhanxiang, executive vice minister of culture, said that literature and art leadership must suit the new situation of reform and opening up. In the future, the main strength of the leaders of the Ministry of Culture should be shifted to investigation and study and to the solution of practical problems. For organizational activities, there should chiefly be those which are of high quality and have a good influence and which can play an exemplary role and can help promote the development of our cultural undertakings.

Also present the Vice Ministers of Culture Liu Deyou, Song Muwen, and Ying Ruocheng and the Ministry's Party group member Xu Wenbo. The participants enthusiastically offered their opinions and suggestions for the prosperity of our cultural and artistic undertakings.

ECONOMIST WARNS AGAINST LACK OF FAMILY PLANNING

OW300634 Beijing XINHUA in English 0607 GMT 30 Jul 86

["Economic Theorists Say Birth Control in 1990's Crucial to Future" -- XINHUA headline]

[Text] Beijing, July 30 (XINHUA) -- One of China's leading economists says the country must "further tighten birth control" in the 1990s or risk a disastrous future.

"In the next decade we will have to deal with the consequences of lack of family planning in the 1990s and 1960's," said Ma Bin, a specialist on population and its social impact. "We must do our best for future generations."

Since the government began pressing its one-child policy in 1980, population growth has been cut by 100 million people.

Ma and several of his colleagues attending the onging national symposium on soft science here say china should work toward a lifetime average of 1.5 children per woman to limit the population to 1.2 billion at the end of the century. In 1985, the lifetime average was 2.2 children.

At that rate, according to recent projections cited by Ma, China's population will reach 1.3 billion by 2000.

"That's why the 1990s are so important," he said. "If the birth control efforts slacken and the lifetime average rises to 2.5 children per woman, then we're looking at a 2000 population of 1.33 billion."

Ma and his colleagues said China should continue its one family-one child general policy -- but that the system of exceptions should continue as well.

For example, they said, ethnic minority families should continue to be allowed to have two or three children, and poor, rural families should be allowed to have two children to ensure support for parents in their old age.

But overall, said Ma "We must resolutely discourage the practice of having large families wherever it appears."

NUCLEAR BUREAU RELEASES SAFETY REGULATIONS

HK200638 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0735 GMT 24 Jul 86

[Report: "China's Nuclear Safety Administration Promulgates 'Safety Regulations for Ensuring the Quality of Nuclear Plants'" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 24 Jul (ZHONGGUO XINWEN SHE) -- Recently, China's Nuclear Safety Administration officially promulgated the "Safety Regulations for Ensuring the Quality of Nuclear Plants."

These regulations belong to the fourth part of the safety regulations for nuclear plants of the PRC and were formally approved by the State Council on 7 July.

In a written reply regarding the four safety regulations governing the selection of site, design, operation, and quality guarantee of nuclear plants, the State Council pointed out that as the construction of Chinese nuclear plants has just begun and the safety of nuclear plants is being closely watched by people in all circles, the selection of sites, design, operation, and guarantee of quality must implement the principle of giving first priority to quality and safety, strictly follow the requirements of safety regulations, and adopt effective measures to ensure safety in operations, prevent accidents, limit the consequences of accidents, and feasibly ensure the safety of personnel, people, and environment.

In their written reply, the State Council pointed out that the Nuclear Safety Administration should strengthen its investigation of the safety reports on nuclear plants and its on-site supervision, and independently exercise the rights of safety supervision.

The "Safety Regulations for Ensuring the Quality of Nuclear Plants' are composed of 13 chapters: introduction, general outline of ensuring quality, pattern of organization, management of documents, management of design, management of purchases, management of materials, management of procedures, management of inspection and testing, management of unqualified items, remedial measures, records, and supervision.

The introduction says that these regulations have set out the basic requirements which must be satisfied for ensuring the quality of the land-based thermal nuclear reactor plants.

In order to ensure the safety of nuclear plants, it is necessary to work out an outline for ensuring the general quality of nuclear plants as well as outlines for ensuring the quality of every specific kind of work (like design, manufacture, construction, trial runs and operations). The principles to be followed in various outlines for ensuring safety are all the same.

These regulations have provided principles and objectives for the formulation and implementation of the outlines for ensuring the quality of the design, manufacture, construction, trial runs, and operations of the buildings, systems, and components which are vital to safety. These principles and objectives are applicable to various kinds of work which affect the quality of items, such as design, purchase, processing, manufacture, loading and unloading, transportation, storage, cleaning, assembling, installation, testing, trial runs, operations, inspection, maintenance, repair, change of materials, innovations, and demobilization. The above principles are applicable not only to buildings, systems, components, spare parts, and materials under the category of "items," but also to all the personnel responsible for the nuclear plants, the design personnel of the nuclear plants, builders, suppliers, engineering companies, and operators of the nuclear plants, as well as any other units involved in work which might affect the quality of the nuclear plants.

The outline for ensuring quality stipulates that the assurance of quality is a substantial aspect of "effective management." The outline for ensuring quality has provided the management of the construction and operation of nuclear plants with guidelines to be followed.

These guidelines include the pattern of organization, management of documents, management of design, management of purchases, management of materials, management of procedures, management of inspection and testing, management of unqualified items, remedial measures, records, and supervision.

The chapter on organization stipulates that the personnel and departments responsible for ensuring quality must possess sufficient authority and organizational independency so as to organize discussions and recommend or provide solutions when dealing with issues of quality. When necessary, they can take action on items which are unqualified, defective, or in violation of the requirements of the regulations, so as to check the further work, delivery of goods, or installation until proper arrangements are made.

The personnel and departments responsible for ensuring quality must be responsible to higher managerial departments at an appropriate level, so as to ensure the necessary authority and sufficient organizational independency, including the right of being free of the restrictions of funds and schedules.

The chapter on management of design stipulates that it is imperative to work out measures for management and classify them into documents, so as to ensure correctly reflecting all the relevant stipulated design requirements in the technical terms, blueprints, directives, and operational manuals. Measures for mangement of design must also include ensuring the determination and relation of the relevant quality standards in the design documents.

It is imperative to enforce the measures of management of design in the following aspects: radiation protection, physical and stress analysis, thermal analysis, hydraulic analysis, seismic and incidental analysis, material compatability, fire prevention, accessibility of service inspection, maintenance and repair, the relation of the guidelines for passing inspections and tests, and so on.

The two chapters on management of purchases and management of materials respectively stipulate that it is imperative to enact measures and classify them into documents, so as to ensure writing or quoting the relevant requirements, design guidelines, standards, technical terms, and all the other necessary requirements for ensuring quality set out by the state nuclear safety departments in the documents dealing with purchased items and services. Regarding materials, components, and spare parts, it is necessary to enact measures for identifying and managing items in light of the needs of manufacturing, installation, assembling, and application. According to requirements and by giving batch numbers, component numbers, serial numbers, or other applicable methods, people should directly mark items or put them in records so these items can be traced, and so as to identify them in the process of manufacture, assembling, installation, and application. All the necessary documents must be accessible at any time in the process of construction or manufacturing of the item.

The chapter on supervision stipulates that efforts should be made to adopt measures to inspect the enforcement and effectiveness of the general outline for ensuring quality. When necessary, it is imperative to enforce the planned and document-stipulated internal and external supervision in light of needs, so as to test whether it suits every aspect of the general outline for ensuring quality and determine the effectiveness of the general outline.

The full text of the "Safety Regulations for Ensuring the Quality of Nuclear Plants" contains over 11,000 characters. Together with the safety regulations for the selection of plant sites and the design and safety of operation, they constitute laws and regulations with legal binding force to ensure the safety of nuclear plants. As with the above laws and decrees, while enacting these laws and regulations, references were drawn from the "Safety Regulations for Ensuring the Quality of Nuclear Plants," enacted by the International Atomic Energy Agency, as well as the international standards "for ensuring quality of nuclear plants" promulgated by the International Organization for Standardization in 1980.

BUMPER HARVEST OF SUMMER GRAIN, RAPESEED

HK300446 Beijing CHINA DAILY (BUSINESS WEEKLY supplement) in English 23 Jul 86 p 4

[By staff reporter Sun Yougeng]

[Text] China is recording a bumper harvest of summer grain and rapeseed in this first summer of the Seventh Five-Year Plan (1986-1990), turning a once gloomy summer crop picture into a bright one.

Reports gathered from across the nation show that summer grain output from 30 million hectares will exceed last year's production levels, equaling the record-high 1984 harvest of about 87.8 million tons. Rapeseed output on about 4.5 million hectares is expected to exceed last year's figure.

An official from the Ministry of Commerce said that output in the nation's 15 major wheat-producing provinces is expected to top 80 million tons.

Wheat, the major summer crop in China, accounts for about 92 percent of the season's grain output and one quarter of the nation's total harvest. Rapeseed accounts for half of China's cooking oil production.

Earlier in the year, fears were rampant that this summer's harvest would suffer because poor spring conditions had damaged seedlings. Some predictions forecast an actual drop in production.

However, the seedlings survived, and, coupled by favourable weather conditions throughout the rest of the growing season, harvest estimates have been revised upward several times.

In many grain-producing regions, output either recorded an increase over last year or maintained last year's level. But production did drop in other places due to adverse weather and changes in cropping patterns. Such places include the rural counties administered by Beijing and Shanghai municipalities, Zhejiang, Fujian and Yunnan provinces, and the Xinjiang Uygur Autonomous Region.

On the rapeseed front, most of the 13 major producing regions reported increases over last year.

The bumper harvest is also attributed to an urgent call from the central government to increase grain cultivation acreage. The call came in response to a drastic drop in acreage last year.

The government also adopted a series of incentive policies to encourage the nation's farmers to cultivate more grain.

As a result, nearly two million extra hectares of land were designated for cultivation this year to ensure a boost in output, according to an earlier press report.

The expansion is part of the nation's effort to increase this year's projected grain production to the 405 million ton record level attained in 1984, FARMERS' DAILY reported. This year's summer crop acreage is 0.1 percent higher than last year's.

Meanwhile, the country's grain purchasing network has geared up to handle the crop increase.

Latest reports from the Ministry of Commerce said that storage work on summer grain has been progressing smoothly. Farmers are enthusiastically selling the State grain in accordance with purchase contracts.

As of July 5, 75 percent of contracted wheat purchases were fulfilled, an increase of two million tons over the same period last year. Wheat purchases on behalf of the State have fulfilled 60 percent of target.

The ministry has urged purchasing stations to buy as much grain as possible from the farmers, who are paid cash on delivery.

CRACKDOWN ON ECONOMIC CRIMES PROVES 'FRUITFUL'

HK310212 Beijing CHINA DAILY in English 31 Jul 86 p 1

[By staff reporter Liu Dizhong]

[Text] The nationwide crackdown on economic crime produced "fruitful results" in the first half of this year.

Over the past six months, prosecutors throughout the country investigated more than 27,800 economic crimes, up 130 percent over the same period last year. Of these, 17,900 investigations were completed, retrieving 314 million yuan (about $85 million) in illgotten gains.

A senior official of the economic department under the Supreme People's Procuratorate told CHINA DAILY that 8,900 serious cases accounted for 31.8 percent of the total, a 480 percent increase over the corresponding period of 1985.

In China, major economic crimes are generally defined as those involving 10,000 yuan (about $2,700) or more. If the amount reaches 30,000 yuan in embezzlement cases or 20,000 yuan in bribery, it is classified as a "most serious crime."

Between January and June this year, such serious cases totalled 1,881, a 300 percent increase over the first half of 1985.

Economic crimes involving senior cadres above the prefecture level also fall in the "most serious" category, the official added.

Other economic crimes included smuggling, swindling, tax evasion, trademark infringement and misappropriation of funds.

Profiteering and swindling comprised 20 percent of cases investigated in the first half of the year, the official said.

Prosecutors across the country ordered the arrest of 18,793 persons and charges of economic crimes, an increase of 236 percent.

The crackdown has helped smooth the path of on-going nationwide reforms by increasing public confidence that they will not be the tools of cheats and profiteers.

The crackdown campaign began in July last year and the Supreme People's Procuratorate announced early this year it planned to smash the arrogance of economic criminals in one year or so.

About 40 percent of procuratorate emplyees throughout the country were mobilized for the crackdown campaign.

Efforts will continue to focus on investigation of major cases which have the most deleterious consequences to the nation. All high-ranking officials, party members and government employees involved in economic crimes will be penalized according to the law, the official said.

He also said law education would be expanded across the country so that the public itself could be a watchdog over economic wrongdoings.

As a result of a nationwide education campaign over the past two months, thousands of people have reported economic crimes they committed to judicial departments. In one instance, 138 criminals in Zhejiang Province surrendered themselves in May and June.

The prosecutors are reviewing the results of their work in order to improve their performance in the second half of this year. By the end of the year, all major economic criminal cases uncovered in 1984 and in the first half of 1985 would be wrapped up, the official said.

STATE COMMISSION URGES RAISING ECONOMIC RESULTS

OW310334 Beijing XINHUA Domestic Service in Chinese 1039 GMT 30 Jul 86

[Excerpts] Beijing, 30 Jul (XINHUA) -- The State Economic Commission has conferred the title "Advanced Unit in Economic Results" on 120 units in the fields of industry, transport, and commerce. It has also issued a circular to commend these units, which in 1985 achieved good results in carrying out reforms, did a good job in business administration, and scored good economic results.

Of these advanced units, 88 are from the industrial sector, 15 from the transport sector, 11 from the commercial sector, and 6 from ethnic minority and outlying districts.

Most of these units have implemented the system of the director (manager) assuming full responsibility and have instituted various forms of the responsibility system in production and management on the basis of smooth relations among the party, government, and industry. This has enhanced the vitality of these units. [passage omitted]

Many of these units assumed the task of earning foreign exchange for the state through exports. They have striven to accomplish their tasks in line with the overall situation. They have also sought to improve their ability to earn foreign exchange by paying close attention to mastering, applying, and further developing imported technology so as to develop new marketable products for international markets.

These advanced units have also paid great attention to improving the performance of staff and workers as well as to enhancing the building of spiritual civilization.

The circular issued by the State Economic Commission calls on all enterprises throughout the nation to conscientiously learn from these units; to vigorously improve product and service quality by raising economy results; to reduce material consumption; to increase foreign exchange earnings through exports; to step up the multipurpose use of resources; and to raise enterprise management to a new standard. The circular also urges the commended units to guard against conceit and impetuosity; to continue to work hard; to develop their achievements; to overcome their weakenesses; and to make greater contributions to socialist modernization.

MORE FOREIGN LOANS, LESS DIRECT INVESTMENT

OW301048 Beijing XINHUA in English 0942 GMT 30 Jul 86

[Text] Beijing, July 30 (XINHUA) -- This year has seen a change in the structure of China's utilization of foreign capital -- a notable increase in foreign loans and a slowdown in the direct foreign investment.

Liu Xiangdong, spokesman for the Ministry of Foreign Economic Relations and Trade, said at a news briefing today that the total value of foreign loan agreements signed during the first six months of this year was 2.57 billion U.S. dollars, and the executed amount of loans was 2.5 billion U.S. dollars, both increasing by nearly 200 percent over the same 1985 period.

However, Liu said, the contracts signed on direct foreign investment during this period involved 1.24 billion U.S. dollars, 20 percent less than that in the corresponding period of last year. The actual invested amount was 722 million U.S. dollars, slightly more than that in the same 1985 period.

The ministry approved in the January-June period 304 Chinese-foreign equity joint ventures, 252 contractual joint ventures, 10 wholly-owned foreign enterprises and one newly-signed contract on offshore oil cooperative exploration.

Seventy percent of these enterprises are productive ones, Liu said. The investors are mainly from Hong Kong and Macao, accounting for 80 percent of the total, and the rest are from the United States, Japan, Singapore and Western Europe.

Liu said, China has approved 2,645 equity joint ventures, 4,075 contractual joint ventures and 130 wholly-owned foreign enterprises since 1979.

One third of these enterprises have gone into production or started business, and over 90 percent of them gain profit, he added.

ECONOMICS SPOKESMAN ON FOREIGN CAPITAL INCREASE

HK310214 Beijing CHINA DAILY in English 31 Jul 86 p 1

[By staff reporter Zhu Ling]

[Text] China yesterday announced a large increase in its use of foreign capital in the first half of this year, greatly easing the country's shortage of funds.

But direct foreign investment in the country dropped by 20 percent over the same period, according to the Ministry of Foreign Economic Relations and Trade. The ministry said there had been "a notable increase of foreign loans but a slowdown of direct foreign investment."

Foreign loans agreements signed in the first six months amounted to $2.57 billion, $2.5 billion of which have been put into use, increases of nearly 200 percent over the same period last year.

However, direct foreign investment fell to $1.24 billion, said Liu Xiangdong, Deputy Director of the ministry's Policy Research Department.

But $722 million of direct investment flowed into the country in the first half of this year, which included some contracts signed last year, up 6.9 per cent, he said.

Liu said that preferential loans by foreign governments -- particularly Japan, West Germany and Britain -- in the first six months had increased by 220.7 per cent over the same period last year.

Eighty per cent of direct foreign investment came from Hong Kong and Macao, followed by the United States, Japan, Singapore and West European countries, he said.

China approved 304 Sino-foreign equity joint ventures, 252 contractual joint ventures, 10 wholly-owned foreign enterprises and one contract on co-operative offshore oil exploration.

"These newly approved projects are involved in all sectors of the national economy, and 70 per cent of them involve industrial production," he said.

Since China started its open policy in 1979, the country has set up a total of 2,645 equity joint ventures, 4,075 contractual joint ventures and 130 wholly-owned foreign enterprises.

"About one-third of them have gone into production and 90 per cent of them are showing a profit," he said.

Liu said that the Chinese Government was working hard to further improve investment conditions in the country and would announce new measures after an ongoing State investigation.

Three state groups are investigating the management of equity joint ventures at the moment in Northeast China, Guangdong, Fujian, Zhejiang and Jiangsu Provinces as well as Shanghai.

He also stressed that China was a developing country and it was not possible for it to use its small foreign exchange reserves to help joint ventures to balance their foreign exchange books. He hoped, in the future, that joint ventures would be the country's main foreign-exchange earning force.

Liu also said yesterday that China's overseas engineering and labour service contracts had made solid gains in the first half of the year.

He said China had signed 326 engineering and labour contracts overseas worth $688 million.

RURAL ECONOMIC THEORY HIGHLIGHTS COMMODITIES

HK301120 Beijing RENMIN RIBAO in Chinese 18 Jul 86 p 5

[Article by the Wenzhou Rural Investigation Group of the Institute of Economics of the Chinese Academy of Social Sciences -- "On Several Theoretical Questions in Our Nation's Rural Economic Modernization"]

[Text] Editor's note -- The Wenzhou Rural Investigation Group of the Institute of Economics of the Chinese Academy of Social Sciences has, on the basis of going deep into rural investigation in Wenzhou, done serious theoretical research and, in respect of the question of our nation's economic modernization, put forward some ideas worthy of attention. The "Survey of the Rural Commodity Economy in Wenzhou and an Exploration of a Way To Modernize the Rural Areas in China" which they wrote appeared in JINGJI YANJIU 1986, issue No 6. Here we reprint the final chapter of the article "Theoretical Considerations" and offer it to readers. [end editor's note]

Seen from the practice of developing the commodity economy in Wenzhou and throughout the whole country, we strongly feel that some theoretical questions related to our nation's rural economic modernization need deeper research and exploration.

1. The Subject of Our Nation's Rural Economic Problems

The source of our nation's lack of development lies in the fact that the rural areas have not freed themselves from the natural economic base which has extremely slow development. Changing this base is a historical task our nation faces in the coming period as we cross from one century into the next. The same task is concurrently placed in front of all undeveloped countries and this constitutes the so-called "development" problem, one of two major problems of the modern world.

For a long time, we placed quite an amount of stress on researching the general patterns and nature of socialist economics and we relatively ignored the basic situation of our nation as a developing nation. We subjectively planned the economic development of the rural areas in accordance with traditional socialist models. This resulted in the situation where for 30 years after the liberation of the whole country the agricultural population, as a proportion of the total population, remained as before and no basic change in the appearance of the rural areas was realized. Facts have shown that changes in the social system cannot be divorced from the stage of historical development. The people's communes which were "large in size and collective in nature" could not weather the trials of history, and the overall double contract system implemented in households has achieved great successes. These facts clearly reveal the characteristics of the historical development stage faced by China's rural areas.

The rural economy has development as its theme. At this stage, our major task in the rural areas is not to hastily launch changes in ownership systems, but to educate, guide and organize the peasants to gradually establish the normal order of a commodity economy. At present, the vast majority of the problems appearing in the rural economy fall within the scope of improper competition which is difficult to avoid in the early period of commodity economy development. With respect to these problems, of course, we cannot let things drift, but if we rashly sum these up as problems concerning the "system" or the "nature of the system," and we "rectify the deviation," then we will again be making an historic mistake.

2. The Macroeconomic Significance of Developing the Rural Commodity Economy

The development of our nation's rural areas, in essence, requires a change from a traditional natural economy base to a modern commodity economy base. A history of world development shows us that the commodity economy is a true university and that if we do not pass through the additional lessons of this university the rural areas will not be able to directly leap into modern economic life. It is precisely from this angle that we affirm the general significance of Wenzhou's experiences.

Having 800 million peasants wishing to participate in the modern commodity economy is a huge, earthshaking affair. Long ago people said that China was a sleeping eastern giant. Since 1979, universally evident changes have occurred in our nation's rural areas which show that only when the Chinese peasants become involved in the tide of modernization will the eastern giant truly re-awaken. The slowly increasing demand for commodities by the rural residents as well as the reorganization of industry and the pressure on basic facilities produced by having over 100 million of the rural population transfer to non-agricultural industry have already brought unbelievable changes to the Chinese economy in terms of growth modes, market capacity and movement patterns. The progress of China's industrialization will not again return to its former tranquil pace. In this respect, we need to make full plans in advance.

3. The Internal Content of the Socialist Commodity Economy.

According to the initial ideas of the originators of Marxism, a socialist economy and a commodity economy had not a single aspect in common and their bases were directly opposed. Now, we have combined these two concepts and naturally must rely on socialist practice today to set down new definitions.

Seen from the history of socialist countries, although people have attempted to seek a pure, whole-people ownership economy, we in fact must live in an impure society: externally, we have dealings with capitalist economies, and internally, collective, individual and other diverse economic components exist together. Even when our nation's leftist ideological trend was at its height, in the end, it was not possible to cut off the "tail" of the peasant's private plots. Now facts have already shown that the family land contract is the general form which best accords with the development of our nation's rural production forces. This form changes the internal contents of the original collective ownership system and, in fact, is individual hire and operation of publicly-owned land. The production factors freed by family contracts are transferred to nonagricultural industry and the peasants engage in industry and commerce in a decentralized way. Also, there is a greater individual-operation character to the economy. Many nonagricultural specialized households, after achieving development and in order to achieve better economic results need employees. However, there is only a small number of individual operations with a very large scale of employees. A more general form is for funds to be pooled and then to engage and employ a large number of technicians and workers. These operations also have the nature of private enterprises. In another respect, these economic components, under the strong influence of the guiding role of the publicly-owned economy, have to a greater or lesser degree, public ownership factors (for example, they transfer common accumulation to the rural areas) and manifest the inevitable trend of depending on the publicly-owned economy (for example, large households with many employees welcome state investment and feel that this provides some insurance, but demand that they themselves have operational and management rights). The variations of diverse economic components below the all-illuminating glow of the public ownership system and the socialist economic movement full of vigor which is created by the combination of their strengths show that what is referred to as a socialist commodity economy is in fact an economic system where diverse economic components are blended together under the leading role played by the public ownership system.

4. The Coordination of the Rural Economic System and the Urban Economic System.

Great successes have already been achieved in the rural reforms. These have laid a base for the urban reforms and have also made pressing demands on the urban reforms. However, at present, the urban reforms are proceeding only with difficulty, while the rural reforms are speedily progressing against wider backdrop. If the different directions and strengths of these two strands remain unchanged for a long period, it may result in overall economic movement becoming derailed. Thus, speeding the pace of the urban economic reforms has become a task of great priority. The great pounding which the speedy development of the rural economy is inflicting on urban economic life indicates that while urban reforms do need to readjust pricing and other economic parameters and gradually establish a perfect a system of indirect controls, the most basic thing remains the need to thoroughly change the administrative and management systems of urban enterprises. [paragraph continues]

Using the experiences of the rural reforms as a lesson, we believe that it is possible to consider changes to the urban enterprises' management system in two aspects. The first is to study the form whereby peasants run enterprises.

In respect of all-people ownership enterprises, apart from a small number of large-scale enterprises which must be directly controlled and managed by the state, in the others we should abolish the system of administrative management and administrative appointment of leading poeople and, under the condition of guaranteeing the earnings and appreciation of state investments and that they remain intact, implement contract operations through tendering and use nongovernmental-type forms to run enterprises. The second is, by proceeding from the enlivening of funds, using both state and collective funds to purchase shares in the individual and private economies, so as to develop alliances between the diverse forms of ownership systems. On the one hand, this will strengthen the guiding role of the publicly-owned economy and on the other hand it can fully bring into play the operational and management capabilities of private proprietors and nongovernmental entrepreneurs. This will create wealth for the society and increase accumulation.

RENMIN RIBAO ON FUNDS CONTROL AND ECONOMICS

HK310829 Beijing RENMIN RIBAO in Chinese 26 Jul 86 p 2

[Commentator's Article: "Both Control and Enlivening Are Essential"]

[Text] Financial departments are shouldering the double task of macroscopic control and microscopic enlivening. On the one hand, they must exercise macroscopic control over the speed and scale of economic development and projects concerned thorugh the means of credit. On the other hand, they should give play to the catalytic role of funds to promote economic development and economic reform. These two measures are indispensable. This has demanded that financial departments fully understand their powers and functions, and correctly handle the relations between the two measures mentioned above.

This year various agricultural banks have done their best to strengthen and improve macroscopic control in accordance with the spirit of the central authorities and the State Council. They have achieved positive results in this regard. Agricultural banks in various localities have supported all-round development of agriculture, forestry, animal husbandry, sideline production, and fishery, and joint operations of agricultural, industrial, and commercial departments. The agricultural banks themselves have also done good business in both collecting deposits and providing loans. However, rural financial work does not yet conform to the development of the rural economy. A glaring example is that financial institutions in some localities are not yet handling well the relations between "control" and "enlivening." Once they stress control, they neglect the work of enlivening fund. They fail to provide funds for enterprises and projects which are entitled to them. Some comrades draw the wrong lesson, and think that "tighteness" is better than "slackness" with regard to the question of funds. They think that nothing will happen if "tight control" is exercised. They do not know that once they do so, funds will be rightly controlled. It is right that to say failure to exercise strict control when necessary is detrimental to economic development. Failure to relax control when necessary is likewise harmful to economic development. This is the question which they do not understand. Finance is a lever for economic development. At present, our pourpose in making use of credit means to exercise macroscopic control over the scale of capital construction is not to hamper economic development. On the contrary, we do so in order to coordinate economic relations, and prevent the occurrence of unhealthy things because of our failure to exercise control. Only by correctly exercising control can we do something significant to enliven the economy. Only by doing well in enlivening the economy can we achieve significant results in exercising control. We should, on no account, understand the meaning of "control" erroneously and set control against enlivening. We should not wrongly think that once we exercise control, it is impossible for us to enliven the economy, or vice versa.

At present, funds are one of the resources which are lacking in the rural areas. Rural financial departments should fully understand their responsibility, persist in reform, strengthen management, enhance their efficiency, and make efforts to enliven financial work.

SHANGHAI GRADUATES OPT TO WORK IN XINJIANG

OW300943 Beijing XINHUA in English 0749 GMT 30 Jul 86

[Text] Urumqi, July 30 (XINHUA) -- Twenty-six recent university graduates from Shanghai have decided to work in the Xinjiang Uygur Autonomous Region after a tour of the remote area, local officials said today. The students, from Fudan and nine other Shanghai universities, were selected from those who had shown interest in working in the region earlier this year. "They toured Xinjiang from June 24 to July 10 and received a warm welcome," one official said. "All of them decided to stay."

Nationwide, nearly 2,000 college graduates have volunteered to work in the northwest -- Qinghai, Gansu and Shaanxi Provinces, and the Ningxia Hui autonomous region as well as Xinjiang -- one of China's poorest areas and a government priority for development aid early in the next century. An area of 2.77 million square kilometers (about one-third of China's land mass), the northwest has abundant natural resources but has attracted comparatively little capital investment and has scarce rainfall and hostile terrain. "The students know the conditions are hard," said the official, "but they want to contribute as much as they can to the country's development -- and Xinjiangd certainly needs their help." After fulfilling a six-year commitment, he said, the students will have a choice of remaining in Xinjiang or moving elsewhere.

STATE ECONOMIC COMMISSION CIRCULAR ON FLOODS

OW192158 Beijing XINHUA Domestic Service in Chinese 1424 GMT 19 Jul 86

[Excerpts] Beijing, 19 Jul (XINHUA) -- The State Economic Commission recently issued an emergency circular, calling on various districts and departments to use the present highwater season and favorable conditions for hydropower generation to increase industrial production during the second half of the year. In its emergency circular, the State Economic Commission stressed the following six requirements:

-- Power generation departments must use the current highwater season to generate more electricity through hydropower stations and pay attention to both power generation and water storage. [pasage omitted]

-- Various districts and departments must vigorously turn out more high quality and famous brand products that are readily marketable at home and abroad when supplies of electricity are relatively abundant at this time of the year. Particular efforts must be made to produce more pure cotton cloth, which has a good market at home and abroad.

Argicultural banks in Zhejiang have made use of "differences in terms" and "differences in local conditions," as well as other methods to redistribute funds. They have done an outstanding job in this regard. With regard to credit, they have adopted some flexible measures in light of practical conditions, and have scored fairly good achievements in this respect. All this has shown that with regard to financial matters, macroscopic control can be unified with microscopic enlivening. The key lies in whether we have clear and definite guiding thinking, and whether we are good at doing creative work.

— Metallurgical nonferrous metals enterprises that consume a great deal of electricity must try their best to increase output when supplies of hydropower are abundant at the present time. Various departments concerned in central and southwest China should take immediate action to increase output.

— It is imperative to use electricity in a planned way and to try and save electricity. First of all, we must ensure the supply of electricity to major production and national construction state plants. [passage omitted]

— Efforts must be made to strengthen production management organization in industry and communications and to prepare to increase production this winter and next spring. [passage omitted]

— Economic departments at all levels must improve their workstyle and strengthen their leadership organization over industrial production. They must pay attention to workers' living and working conditions, adopt measures to lower temperatures and guard against any drop in industrial production in July and August or in the rainy season when the temperature is usually high.

DENG PUFANG SPEAKS ON EMPLOYMENT OF HANDICAPPED

SK310537 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 30 Jul 86

[Text] On the afternoon of 30 July, Deng Pufang, director of the China Welfare Fund for Handicapped, heard the work report of a relevant department of our province at Harbin City's Huayuancun Hotel. He stated that arranging jobs for the handicapped is a deed to save their lives and stablize the livelihood of their families, which will have a widespread influence.

Director Deng Pufang came from Beijing and arrived in Harbin that morning. Leading comrades of our province, including Sun Weiben, Hou Jie, Li Jianbai, He Shoulun, Zhang Wenxia, Yang Zirong and Du Xianzhong, paid a visit to where Director Deng Pufang stayed.

Deng Pufang heard a work report of our province's welfare fund for handicapped. Speaking on opening up more avenues for the employment of the handicapped, Deng Pufang said: To a person with a sound body, this is an issue of employment and unemployment. However, to a handicapped person, this is an issue of life and death. It is indeed a problem for a person 30 or 40 years old to rely on the support of his parents. Do handicapped people have labor ability? Yes, they do. The key is to create labor conditions for them. Provided with favorable labor conditions, they will be able to engage themselves in labor.

Deng Pufang continued: Ours is a socialist system, and we have the party and the people's government. We still have favorable conditions for arranging jobs for the handicapped.

He urged governments at all levels, and all enterprises and establishments, to provide favorable conditions for the employment of the handicapped.

HU YAOBANG'S ARBOREAL PROPOSAL SAID TO WORK

OW291144 Beijing XINHUA in English 1125 GMT 29 Jul 86

[Text] Yinchuan, July 29 (XINHUA) -- Party leader Hu Yaobang's proposal to use tree and grass planting as the basic remedy to improve the arid northwest has worked in a once notoriously poor area, XINHUA was told today.

Barren mountains are now covered with green in what is known as the "San Xi" (three-xi) area -- Xihaigu in southern Ningxia Hui autonomous region and Dingxi and Hexi in central Gansu province.

The area, with a population of seven million, used to be classified as a "poverty-stricken" area, where each peasant earned no more than 50 yuan a year from collective work -- an income hardley enough to make ends meet.

Now, 80 percent of the population in the "San Xi" area can earn enough to feed and clothe themselves, local officials said.

According to a survey of five counties in the Dingxi area, the peasants' income in 1985 averaged 246 yuan per capita, an increase of 150 percent over 1982. This was still below the national average but for this particular area, good enough, officials said.

The area has traditionally been plagued by serious soil erosion resulting from indiscriminate felling of trees and destruction of pastures over the centuries.

In 1983, Hu Yaobang proposed that tree and grass planting intensified to help restore the ecological balance in this and other arid areas after making inspections there.

The central government has since allocated 200 million yuan a year to these cold and dry areas for planting trees and grass, and improving farm capital construction.

Trees and grass were planted on more than 253,000 hectares in Xihaigu and 686,000 hectares in central Gansu in the 1983-85 period, local officials said.

Tree and grass planting has boosted stock breeding. Xihaigu raised 340,000 head of animals last year, up 73.8 percent over 1980 and a record high. Its total output value of animal husbandry last year reached 37 million yuan, an increase of 6.7 percent over 1980.

More animals mean more farm manure for the crops, officials said, adding that as a result, grain output in central Gansu province and Xihaigu in 1985 rose by 75.8 percent and 140 percent, respectively, over 1982.

Encouraged by local governments, rural industrial businesses have sprung up in the area, using local resources to produce, officials added. The businesses in Xihaigu alone have yielded a total output value of 120 million yuan.

Central Gansu Province has built six key irrigation projects, expanding the irrigated areas to 184,000 hectares. These also supply drinking water to 480,000 people in exceptionally dry areas.

Improving the irrigation system in Xihaigu, in southern Ningxia, has helped the area increase grain output by 750 kilograms to 1,500 kilograms per hectare.

PLA PUTS EMPHASIS ON SYSTEMS ENGINEERING

OW301337 Beijing XINHUA in English 1219 GMT 30 Jul 86

[Text] Beijing, July 30 (XINHUA) -- Chinese top military leaders are putting increasing emphasis on systems engineering in their strategic planning for national defense, an official said here today.

Sun Bailin, deputy director of the War Operations Office of the Chinese Military Science Academy, said this in an exclusive interview with XINHUA. Professor Sun is attending the current national symposium on systems engineering here. "More and more military leaders have realized that to operate the modern war machine, China's army must develop newer and greater fighting capability based on scientific theory," Professor Sun said.

He explained that that was because modern war is broader in space, larger in scope, shorter in time and more complicated.

The former experience and the traditional manual methods are not enough to organize and command modern war, he pointed out. So China must rely on advanced means and scientific methods.

He said methods of systems analysis have been applied in eight of China's military fields, including quantitative strategic analysis, automatic command and control, simulated training and scientific logistical support.

Since systems engineering technology entered the military fields, the Chinese Army has set up many simulated systems for war operations, and some technology is nearing international standards.

LANZHOU MILITARY REGION UNITS RECTIFY MISCONDUCT

OW301858 Beijing Domestic Service in Mandarin 2130 GMT 29 Jul 86

[Text] According to JIEFANGJUN BAO, party committees of units under the Lanzhou Military Region have earnestly rectified misconduct among cadres. As of 19 July, they had recalled the orders which attempted to assign, promote, or readjust the grades of 92 cadres without authorization.

After the reduction-in-strength reorganization started in the military, certain units assigned or promoted additional cadres without authorization in violation of regulations government the use of cadres, causing ill effects in the military.

In the course of combating party members' misconduct, the Qinghai Provincial Military District also reviewed how job titles of cadres in the military district were determined. It found that, without authorization, five units had upgraded some cadres' technical titles and assigned some cadres to technical posts. After a thorough investigation, the military district's CPC Committee, Discipline Inspection Commission, and Cadres Department harshly denounced the practice. At the end of June they revoked the appointment orders for six cadres. Realizing that some units had violated regulations governing the use of cadres, the Party Committee of a certain group army reassigned nine cadres in June. The Party Committee also rejected all intercessions and took decisive action to recall the appointment orders.

KAIFANG ON DEVELOPING LATERAL ECONOMIC TIES

HK290717 Guangzhou KAIFANG in Chinese No 7, 8 Jul 86 pp 8, 9

[Commentator's article: "Vigorously Develop Lateral Economic Ties" -- capitalized passages published in boldface]

[Text] With the in-depth development of the reform of the economic structure, the decision-making power of enterprses in production and management has gradually expanded. Such economic realms as production and circulation have been open to each other, the ways of ties and management of social economy are undergoing profound changes, the blockade in economy and technology between localities and departments has already been broken, and many trans-regional and trans-department lateral economic combines have emerged. There are more than 3,000 such combines in Guangdong's industrial and communications system. An economic network of multiple channels, tiers, essences, and forms is developing within the province. Such ties are developing along the line of united cooperation with leadership in a planned way on the basis of the separate civilian economic ties, from the loose economic ties of a single project to comprehensive ones, and from simple exchange of materials and equipment and short-term cooperation to stable links in production and production technology.

Lateral economic ties suitable to the requirements of the development of productive forces have powerfully pushed forward the in-depth development of the reform of the economic structure; broken up the old vertical closure-type economic control pattern characteristic of the inseparableness of government from enterprises, over-centralization, and the separation of localities from departments; and gradually taking its place is the open-type economic control pattern characteristic of lateral economic ties in the main, suitable to the requirements of the development of commodity economy. Lateral economic ties have likewise pushed forward the economic development of various localities. They have promoted the flow and link in a rational direction of such production essentials as capital, materials and equipment, technology, qualified people, and labor forces, creating a number of new productive forces as well as new advantages in groups. This is of realistic and far-reaching significance in balancing the shortage of production means, blazing new trails in the new realms of production and operation of enterprises, tapping the potentials of enterprises, readjusting the organizational and industrial structure of enterprises, as well as stepping up the pace of socialist modernization.

Socialist economy is planned commodity economy. The essence of commodity economy is extroversion, which requires the building of a unified market system and a multidirectional economic network. The development of lateral economic combines suits the objective requirement of socialist commodity economy. Through the mutual opening and exchange of various economic realms, such economic combines will organize the coming together of scattered and idle funds, materials and equipment, technologies, and qualified people of individual enterprises. By making-up each deficiency, and giving play to their advantages, the base capability for commodity production will be formed. Guangdong's economy has its own advantages as well as its shortcomings.

Its commodity production has all along been rather developed, and the proportion of its economic crops in agriculture is rather big; however, it is not self-sufficient in grain. In industry, Guangdong's light and textile industries and processing industry are rather developed; however, its base industries are rather weak, with a shortage in energy resources and raw materials. Most of its industrial and mining enterprises are small in scale and scattered, and its capacity of forming a complete set is rather weak. The equipment in enterprises is old, and the technical level low. The competitive power of its commodities is rather weak, and the good-quality rate of Guangdong's industrial products accounted for only 11.1 percent in 1985. These conditions demonstrate that Guangdong's economy is characteristic of its great external dependence. The ways to solve these problems are importing from foreign countries and strengthening ties with provinces in the hinterland, organizing diversified lateral economic ties in different essences and forms, and learning from others' strong points to offset our weaknesses. Only then will it be possible to accomplish still faster development of Guangdong's economy.

What current problems need solution in developing lateral economic ties?

FIRST, THE IMPORTANT THING IS TO ENLARGE AND PROTECT THE DECISION-MAKING POWER OF ENTERPRISES. Enterprises are cells of the social economy as well as the main body in the development of lateral economic ties. The precondition for the development of lateral economic ties is whether enterprises have decision-making power. China's past economic activities were organized on the basis of the vertical jurisdiction of localities and departments. Enterprises were not to conduct activities outside the jurisdiction of the localities and departments they were in. The state of localities and departments in separation is undergoing changes, and the decision-making power of enterprises has been strengthened to a certain degree with reform of the economic structure underway in recent years, but it is not enough. Based on an investigation of Guangdong's industrial and communications departments, only a quarter of industrial and communications enterprises in the province have implemented the decision-making power of enterprises fairly well. The majority of the enterprises still lack decision-making power in such major respects as production and operation, product marketing, distribution of profits, and wages. The enterprises are still in the bondage of the conventional administrative control of inseparation of government from enterprises and the separation of localities and departments. The chief reason is that the responsible departments and localities of the enterprises concerned are unwilling to give up their power and vested interests as well as their "autocracy." They dread the possibility that once the enterprises are linked with others not in their jurisdiction, they will lose control of them, their authority will dwindle, and their interests will go to naught. Thus, they have strengthened their grip, created difficulties, arbitrarily intervened by blocking the formation of lateral economic ties, or allowing their existence in name only. Therefore, continuing to reform the old economic administrative system and to enlarge, supplement, and protect the decision-making power of enterprises is the first and foremost condition for developing lateral economic ties. It is necessary to turn enterprises into genuine commodity producers and managers full of vitality, independent in their managment, solely responsible for thier profits or losses and enjoying the rights of free external ties and operation.

SECOND, ENTERPRISES MUST HAVE THE ENTHUSIASM AND INITIATIVES FOR LATERAL ECONOMIC TIES. Enterprises have already begun to turn to lateral market regulation; however, they have not eradicated the state of independence on vertical administrative coordination. The mentalities of "the iron rice bowl" and "eating from the same big pot of the state" on the part of some enterprises still seriously exist. Some of them are satisfied with the existing state of affairs and madly cling to building a complete system of their own, going after something "big and complete" or "small but complete." Some take "themselves as the center," they regarded themselves as great and of long standing, and they only want to "merge" others, but not be merged by others. Others want to play the leading roles only, and would not think of becoming co-stars. Still others fear strengthening the competitive power of their opponents, "lest the master lose the job once the apprentices have mastered the skill," and they would not support others. If all such understandings are not primarily corrected, lateral economic ties will not be developed because the enterprises lack enthusiasm for them, even if they have full decision making power and wonderful external conditions. Such lateral economic ties will not last long even if they are established for the moment. Therefore, the decision making power of enterprises should be enlarged by reform on the one hand; on the other, the enterprises should be educated, the leading bodies of large and medium-type enterprises in particular, in acquiring clear understanding of the new situation of developing lateral economic ties, adopting the road of enlarging reproduction by relying on our inner power, and actively doing a good job in establishing lateral economic ties with other enterprises in order to make greater contributions by increasing productive forces and creating more social wealth for the state.

AND THIRD, IT IS NECESSARY TO STRENGTHEN GUIDANCE AND RENDERING SERVICES. When we stress that responsible administrative departments should boldly relegate power to enterprises, it does not by any means signify letting things drift. The enterprises were used to relying on responsible administrative departments; now that the policy of opening up is adopted, and the enterprises are to work on their own, they will inevitably meet with many difficulties, and need help in discovering their solutions. Of course, the essences and ways of administration should suit the characteristics and law governing commodity economy, and other could be changed from the conventional essences and ways of drawing up indexes, approving projects, distributing materials and equipment, and allotting funds to doing a good job chiefly in making overall arrangement and planning, drawing up policies and decrees, organizing coordination, and strengthening examination and supervision. They should render good-quality services to enterprises through economic means, such as providing channels of technology, raw materials, and marketing as well as information consultation, and they should mediate between enterprises and promote their ties on a voluntary basis.

At the same time, it is necessary to strengthen macroguidance to lateral economic ties. The development of microeconomic combines should be organically linked with the development and needs of the macroeconomy as well as the development planning of one's locality and trade. This includes the production and enterprise layout, the trade and product mix, the technical transformation of existing enterprises, the current production and construction, and tentative concept of the long-term planning, which should all be given consideration in an overall arrangement and planning in a rational layout in order to avoid blindness and to guard against repeated construction.

Regarding the essences and forms of combines and the rights and obligations of the mergers, they should be defined through democratic negotiation of all relevant parties without arbitrary intervention. Generally speaking, the forms of economic ties should be diversified and monotony should be prevented. The scope of combines should be appropriate, which depends on the power of concentration and dispersion of the enterprises; it is not necessary that the bigger, the better. The number of combines and projects should be based on objective needs and possibility; it is not necessary that the more, the better. The emergence of lateral economic ties is an objective course, accompanying the needs of economic development, which will go through the changes from being few in number to many, from being simple to complicated, and from a low to a high level. Any practice of formalism, playing with figures, rushing headlong into mass action in patching up economic combines in name of form only will not be successful, but will means a sheer waste of money and manpower. This should be opposed and avoided.

VICE MINISTER URGES REDUCED EXPENDITURES

OW281732 Beijing XINHUA in English 1535 GMT 28 Jul 86

[Text] Beijing, July 28 (XINHUA) An official of the Chinese Finance Ministry called on the country's industrial and commercial departments to join hands with the ministry to maintain an balance of revenue and expenditure.

Speaking at a national meeting, Vice-Minister Tian Yinong said that over-expenditure was the most serious problem at present. "We must strictly control deficit spending while striving to increase the financial income," he said.

China's finances have improved over the past few years, with a big jump in state revenue. It had succeeded in ending a long standing budget deficit by the end of 1985, according to the Finance Ministry.

However, Tian Yinong said that there had been a blind optimism since the beginning of this year. More enterprises wanted to increase investment in new projects and expansion of capital construction, thinking the situation allowed more spending of money.

"Our financial goal is to maintain the balance to promote the nation's long-term economic development," he said.

The vice-minister urged overall planning in the spending of funds. Investment and nonproductive activities must be strictly controlled, he said.

The increase in departments and staff members in different work units must also be checked and wasteful spending of money must be cracked down upon, Tian added.

STATE COUNCIL LIMITS CAPITAL CONSTRUCTION

OW240746 Beijing XINHUA in English 0730 GMT 24 Jul 86

[Text] Beijing, July 24 (XINHUA) -- The State Council, China's highest governing body, has issued tough new regulations to strengthen the economy by limiting capital construction, XINHUA has learned.

Designed to ensure the "success of the reform of the country's economic structure," the rules require state, collective and privately-owned enterprises, as well as Chinese partners in joint ventures with foreigners, to include their construction plans in regional and departmental economic planning.

As a rule, it said, no major projects will be added to national five-year or annual plans once they have been adopted by the national people's congress.

Limiting capital investment will prevent new and occasionally unnecessary projects from consuming a disproportionate share of the resources, according to government economists.

The State Council Action follows a decision earlier this week by the State Planning Commission to reconsider every one of the country's capital construction projects during the second half of this year.

According to reports Monday, commission officials have to concencrate funds on key projects.

China's Seventh Five-year plan (1986-1990) gives top priority to needed projects in the areas of energy, communications, transport, and raw and semi-processed materials development.

GUANGMING RIBAO ON LABOR RESOURCES MARKET

HK250815 Beijing GUANGMING RIBAO in Chinese 12 Jul 86 p 3

[Article by Wang Jue and Xiao Xin: "Tentative Views on the Labor Resources Market"]

[Text] Editor's note: The suggestions of the CPC Central Committee on the Seventh 5-Year Plan and the "Report on the Seventh 5-Year Plan" filed by the Fourth Session of the Sixth NPC pointed out: An important task in economic structural reform during the Seventh 5-Year Plan is to further develop the socialist commodities market, to gradually improve the market system, and to promote the rational transfer of the labor force. The rational transfer of the labor force involves the question of whether it is necessary to build and develop a labor force market as well as the question of whether the labor force is a type of commodity. This is an important theoretical and practical problem in economic structural reform. There are no unanimous views on this problem, in either theory or practice. To develop socialist economic theory and promote economic structural reform, this newspaper will, as of today, open a special column on "exploring the question whether there is a labor force market in socialist society." We hope that economic theoretical workers will contribute articles on this question. [end editor's note]

Abstract: Laborers in the socialist economy have a dual nature: On the one hand, their labor force cannot be taken as a type of commodity, as they are the main component of production relations and the masters of the means of production; on the other hand, as an essential subjective factor of the production forces, their labor force will manifest itself in the form of value and commodity. Under the conditions of the commodity economy, the essential objective factors of the production forces -- the means of production -- manifest themselves through the market mechanism.

So the essential subjective factor of the productive forces -- the labor force -- should also manifest itself through the market mechanism. In addition, under socialist conditions, the labor force still has an individual nature. Therefore, it is necessary to build a labor resources market, a socialist labor resources market which is different from the capitalist labor force market. This labor resources market does not exclude the state's planned management over labor resources and displays its function of rationally distributing labor resources under the guidance of state plans [end abstract]

The profound development of economic structural reform in China has brought forth the question of forming a complete market system, which includes the building of a labor resources market. This article will make an initial exploration on the question of building a labor resources market.

In large-scale socialized production, the overall transfer of the labor force is in accordance with the objective law. As socialist production in large-scale socialized production, it requires the overall transfer of the labor force. The question is whether or not this transfer is of a commodity nature and takes the form of buying and selling. People in theoretical circles do not have unanimity of understanding on this question. We are of the opinion that while analyzing this question, we should exclude the problem of the labor force involving nonsocialist economic components and concentrate our study on the nature of the labor force and the form of its transfer involving socialist economic components. The differences of opinion lie here. So long as we reach unanimity of understanding on this problem, the question concerning the nature of the labor force and the form of its transfer involving other economic components can easily be solved.

Laborers in the socialist economy have a dual nature. On the one hand, they are the main component of socialist production relations as well as the masters of the means of production. On this fundamental point, the labor force of laborers is not a type of commodity. This is because for their labor force to become a type of commodity, there must be two economic conditions: One is that laborers must free themselves from the dependent relationship between people and be the owners of their labor force; and the other is that laborers lose the means of production and nonlaborers own the means of production. For laborers in the socialist economy, the first condition basically still exists, but the second condition has totally disappeared, and what has emerged in substitution for it is that laborers have become the common owners of the means of production who use them for their own benefit and the interests of society. Therefore, their labor force is, naturally, no longer a type of commodity. Moverover, laborers are still the essential subjective factors or first of the production forces. Under the conditions of the commodity economy, the essential objective factors of the productive forces are commodities, and their combination and recombination are realized through commodity exchange. Therefore, the labor force of laborers, which is the essential subjective factor of the productive forces, must be turned into an actual productive force by combining it with the essential objective factors. Only in the form of value and commodity, will it be able to manifest itself.

Although the labor force is not a type of commodity, it should manifest itself in the form of value. In other words, 1) the exchange of equal values between enterprises and laborers is carried out in the form of money and wages; 2) what is produced and reproduced by the labor force is measured by means of money exchange through the sale of consumer goods in the market, that is measured by value; and 3) the wages paid by enterprises to laborers constitute an important component of enterprises' production cost. As the manifestation of the labor force in the form of value has provided a unified social measurement -- money wages -- for comparing and selecting the labor force, the transfer of the labor force can be carried out in the form of commodities. The unanimity of the principle of the exchange of equal labor and the principle of the exchange of equal values in the distribution according to work has provided actual possibility for the transfer of the labor force to be carried out in the form of commodity.

In socialist commodity economic relationships, the essential subjective and objective factors of the productive forces will have the best coordination only when they are rationally transferred. But this rational transfer requires the unanimity of the forms of transfer and of measurements. Therefore, although the labor force is not a type of commodity, it must, like the essential objective factors of the productive forces, be trnasferred in the form of commodity and measured by means of value.

In the socialist economy, the economical use and proportionate distribution of the labor force depend on the coordination of the essential subjective and objective factors of the productive forces. But the coordination of the essential subjective and objective factors of the productive forces requires the operation of these factors in the same mechanism. In the socialist commodity economy, the distribution of the means of production is realized through the market mechanism, as is the distribution of the labor force. Under the traditional system, the state directly distributes the labor force, which cuts off the internal relationship between the supply and demand for labor in production, and prevents the effective integration of the essential subjective and objective factors of the productive forces. Therefore, to match the commodities market, it is necessary to build a labor resources market.

A more profound reason for the rational transfer of the labor force to be realized through the market mechanism is that under socialist conditions, the labor force still bears an individual nature. This individual nature reflects the limitations of laborers' individual development, that is, there is a qualitiative difference in the labor force of laborers. A part or even a larger part of the expenses for what is produced and reproduced by the labor force is borne by the laborers themselves. Therefore, society cannot regard every laborer as a social laborer and directly use him. In addition, this individual nature also manifests itself in the fact that the labor of laborers still remains a means of life. Laborers take earning a living as a direct purpose of their labor, hence the differences and contradictions of interests between joint laborers. Therefore, the transfer and integration of the labor force realized by society or the state cannot properly help solve the differences and contradictions of interests between laborers. Only through the market mechanism and by applying the measurement of value to the comparison and selection of the labor force, can we rationally transfer and integrate the various different factors of the labor force, alleviate the contradictions of interests between laborers, and smoothly develop the socialist commodity economy.

In short, in the socialist economy, the labor force of laborers is not a type of commodity, as laborers are the main component of socialist production relations and the masters of the means of production. This is the fundamental and principal aspect of the matter. But as an essential subjective factor of the developing productive forces in socialist commodity economic relationships, their labor force will inevitably manifest itself in the form of value and commodity. This theory seems to contradict itself. But in fact, it does not. This summation not only corresponds with the actual state of the socialist commodity economy, but also refers tc the general phenomenon in a developed commodity economy.

In terms of form, it seems that there is no difference between the manifestation as value and a type of commodity of the labor force in the socialist economy and the labor force being a type of commodity in the capitalist economy, as both adopt the economic form of money wages in regulating the labor force. But in content, there is a fundamental difference. Wages in the capitalist economy are determined by the value of the labor force. Wages regulate the transfer of the labor force. This finds expression in the change of the prices of the labor force, which are affected by the change in supply and demand. As a result, there are spontaneous transfers of the labor force between different departments.

Wages in the socialist economy are a form of value in the distribution of individual consumer goods according to the work done. In the course of the distribution according to the work done, wages are not only controlled by the law of the exchange of equal labor, but also regulated and restricted by the law of value. So the distribution according to the work done must undergo two processes: One is that the products produced by the joint labor of various enterprises are exchanged at equal value as commodities, thereby bringing forth the value of commodities; the other is that laborers of enterprises earn their wages according to the principle of the exchange of equal labor. Therefore, the wages of laborers in the socialist economy are determined according to the law of value under the principle of distribution according to the work done. As a regulatory lever in the rational transfer of the labor force, wages undergo a quantitative change in distribution according to work done, which is affected by the situation in the commodity market, thus allowing the rational transfer of laborers between various departments and the best distribution and economical use of labor resources. The economic process of realizing the rational transfer of the labor force under socialist economic conditions in the form of value and commodity is called a labor resources market. This is to differentiate it from the labor force market under the capitalist system.

Regulating the rational transfer of the labor force through the labor resources market by means of the wage lever does not exclude the state's planned management over the labor resources market. The difference is that in exercising planned management over the labor force, the state does not directly distribute the labor force but creates an economic environment for bringing into play the role of the wage lever. Examples of this are as follows: First, the state formulates a correct policy on labor and wages by means of the wage lever so as to regulate the rational transfer of the labor force; second, the state guides and coordinates the transfer of the labor force in the labor resources market; and third, the state draws up and puts into effect laws and regulations on labor so as to protect the rights and interests of enterprises and laborers. [paragraph continues]

In short, the socialist labor resources market performs the function of rationally distributing labor resources under the guidance of state plans.

In using wages as a lever to regulate the rational transfer of the labor force, the socialist laobr resources market should have the relevant regulations on labor and wages to ensure its operation. Therefore, in building a labor resources market, it is necessary to carry out two reforms: one is wage system reform the other is labor system reform. In line with the basic principle of labor and employment in the socialist commodity economy, that is, the principle of giving priority to efficiency while taking fairness into account, labor system should be worked out in such a manner that it separates employment, social guarantees, and welfare from each other and can, in the meantime, make them supplementary to each other. For this reason, the following should be done: 1) It is necessary to establish an employment system based on labor contracts. In exercising the labor contract system, those who are superior to others will have their perference of employment. This is to create the necessary conditions for the rational transfer of the labor force, to improve the quality of laborers, and to achieve the best combination of various factors of the productive forces. 2) It is necessary to set up a "safety job-awaiting" social guarantee system. Under this system, job-awaiting is, for laborers, a period of temporary suspension of employment or a form for shifting from one job to another. During this job-awaiting period, it is necessary not only to ensure the basic living expenses of laborers and their families, but also to provide professional training for laborers, so as to improve their quality and create the necessary conditions for their overall development. 3) It is necessary to form a social welfare system under which popular rights are exercised. The principle of exercising popular rights in social welfare will help alleviate social contradictions, realize social stability and mutual aid, and bring into full play the role of wages in regulating the rational transfer, of the labor force.

These three systems, which are separate from and supplementary to each other, will enable the labor resources market to have the function of regulating the rational transfer of the labor force and combining the various factors of the labor force in the best way. In conclusion, the forming and establishing a labor resources market, it is necessary to reform the old labor system and to work out a new labor system.

BANK REFORMS END MONEY SHORTAGES IN FIVE CITIES

OW291136 Beijing XINHUA in English 0616 GMT 29 Jul 86

[Text] Beijing, July 29 (XINHUA) -- The reform of China's financial system has enabled five major cities to overcome shortages of money through experiments to speed up the flow of funds and raise money.

At the beginning of this year, the Chinese Government decided to take the reform and opening up of money markets as a major part of the reform of China's economic structure over the next five years, a senior official of the People's Bank of China said.

The Guangdong provincial capital of Guangzhou, Chongqing in southwest China's Sichuan Province, the Hubei provincial capital of Wuhan, the Liaoning provincial capital of Shenyang and Changzhou in coastal Jiangsu Province were chosen as pilots in trying out the reform.

"The reform has made it possible for the cities to lend and borrow 13.74 billion yuan (about 3.43 billion U.S. dollars) on the money markets in the first half of this year," he said.

The figure is 9.2 times the amount of temporary turnover loans extended by the central government to the cities during that period.

"China's money markets will focus on exchange of short-term loans between regions over the next two years," he said, noting that a few major industrial cities will be chosen as pilots in setting up stock exchanges in the near future.

As the first step in the reform, banks in the five cities have set up the first cash exchange network across the administrative boundary in China. Under the network involving banks in 20 other cities, they can supply each other with money by setting interest rates themselves and making use of the differences in time, regions and professions.

Meanwhile, they have introduced a new system of lending and borrowing money among different regions as a way of speeding up the turnover of funds.

Banks in the five cities alone had lent and borrowed 11.16 billion yuan (about three billion U.S. dollars) among one another in the first half of this year. Other financial organizations there had lent about 1.3 billion yuan (about 351 million U.S. dollars) to businesses and individuals.

"As part of the reform," the official said, "businesses in the cities were first allowed two years ago to issue shares and securities to their employees and others to raise funds for technological upgrading," And businesses there raised 780 million yuan (about 211 million U.S. dollars) in this way last year.

"Now, state banks have to compete with non-bank financial organizations including trust and investment companies and urban credit co-ops," he said.

Seven such companies in the five cities have lent nearly one billion yuan (about 270 billion U.S. million U.S. dollars) over the past few years to local businesses through compensation trade, sellers' credits and leasing.

The 53 credit co-ops have absorbed a total of 328 million yuan (88 million U.S. dollars) of savings accounts and granted 259 million yuan (70 million U.S. dollars) of loans to collective and private businesses.

COLLECTIVE, INDIVIDUAL INPUTS FORTIFY ECONOMY

OW300230 Beijing XINHUA Domestic Service in Chinese 1207 GMT 28 Jul 86

[Excerpts] Beijing, 28 Jul (XINHUA) -- According to data supplied by the State Statistical Bureau, the Development of China's collective economy and individual economy has been markedly accelerated in recent years. They have played an increasingly significant role in China's national economy. Practice has shown that the development of the nation's collective economy and individual economy has greatly promoted production, made things convenient for the people, relieved unemployment, and helped in forming a new economic pattern in China. [passage omitted]

In the industrial field, the number of people engaged in collectively-owned and individually-owned industires in rural and urban areas is rapidly increasing. Their output value was also much higher than that of the state-run industries. In the fields of transportation and construction, the development of collective economy and individual economy is rapid. Particularly, the teams of carpenters and construction workers from the rural areas have played an important role in building houses after they have entered the cities and townships in large numbers. More than half of the city's construction workers are free from the rural areas. [passage omitted]

According to recently released statistics, the state-owned economy still plays a major role in China's economy. About 45.5 percent of all workers are employed by state-owned industries, while 70 percent of the total industrial output value is contributed by state-owned industries. About 40 percent of China's retail sales -- 174 billion yuan -- are contributions from state-owned enterprises. [passage omitted]

People in the economic field believe that the development of collective economy and individual economy in China's urban and rural areas still fails to meet the requirements in society. In order to provide people with more clothes and food, open up more repair shops, and move freight from one place to another more expeditiously, we need to vigorously develop the collective economy and individual economy in urban and rural areas.

HIGHWAY CONSTRUCTION ENTERS 'GOLDEN AGE'

HK290627 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0853 GMT 25 Jul 86

["Roundup" by reporter Zhang Liang]

[Text] Beijing, 25 Jul (XHONGGUO XINWEN SHE) -- The construction of the Beijing-Tianjin-Tanggu super-highway was officially approved by the State Council a few days ago. According to some experts, the construction of this super-highway will set the stage for the construction of other super-highways in China and it marks the beginning of a golden age of China's highway construction.

According to its design, the Beijing-Tianjin-Tanggu super-highway, more than 140 km in length, will be the mainland's longest super-highway. It will extend from Beijing through Tianjin to Tianjin Xingang, a coastal outlet in north China. The whole length of this super-highway will be constructed according to international standards.

There will be four lanes in each direction. There will be eight flyovers at various points but not even a single crossroads all the way from Beijing to Tianjin Xingang. The speed limit will be 120 km per hour and its flow capacity is estimated at 25,000 cars per day. In order to build this Beijing-Tianjin-Tanggu super-highway, China will invest 1.5 billion yuan. Part of the construction work will be financed with foreign capital.

Work on the short super-highways between Shanghai and Jiading and Shanghai and Hangzhou have begun. Before the end of this year, the construction of the super-highways between Xian and Lintong and Guangzhou and Foshan will begin. At present, preliminary preparations are being made for the construction of the Guangzhou-Shenzhen -Zhuhai super-highway..

In order to bring about changes in the transportation system, which favors railroads at the expense of highways, China is beginning to build highways at an unprecedented pace and on an unprecedented scale.

In the Seventh 5-Year Plan of the departments in charge of transportation, first priority is given to highway construction in accordance with the eight-character principle of "building roads, building bridges, building ports, and harnessing rivers." During the period covered by the Seventh 5-Year Plan, China will build and rebuild highways with a total length of 140,000 km. By 1990, the total length of China's highways will rise from 940,000 km to 1 million km.

Hu Yaobang and Zhao Ziyang have repeatedly pointed out that it is necessary to pay close attention to highway construction and that this is one way to help the peasants become rich. At present, however, only 79.6 percent of China's highways are paved. The rest cannot be used in rainy weather. Only 20.7 percent of the paved highways are paved with asphalt. The rest are paved with stones. What worries people is that over 60 percent of the country's major highways have outlived the life expectancy stated in their designs. There has been a sharp increase in the number of motor vehicles in the urban and rural areas in recent years. However, drivers can only shake their heads at the poor condition of the roads.

The policy of giving first priority to highway construction is being implemented in various parts of the country. The key construction projects recommended in the Seventh 5-Year Plan include the construction of 27 major highways. Some of these highways will have a high economic value. Some will help ease traffic from the ports. Some are for energy transportation. Others will be constructed near important tourist reports. The construction of 22 of these highways has begun. They include the high-standard highways between Shenyang and Dalian, Shanghai and Hangzhou, Jinan and Qingdao, Beijing and Shenyang, Shenyang and Harbin, Guangzhou and Zhuhai, Shanghai and Nanjing, Nanjing and Hangzhou, and Nanning and Beihai, and the eastern section of the round-the-island highway on Hainan. The construction of the other five highways will begin before the end of this year or next year.

China also pays close attention to the construction of road bridges. During the period covered by the Seventh 5-Year Plan, China will build 14 road bridges with a length of over 1,000 meters each.

They include the Jiamusi Bridge and Jilin's Taolaizhao Bridge, to be built across the Songhua Jiang, Hubei's Yancheng and Xiangfan Bridges, to be built across the Han Jiang, Fujian's Hongtang Bridge, Guangxi's Wuzhou Bridge, and the Han Jiang Bridge, to be built at Guangdong's Chaozhou. In addition, a bridge will be built across the Huang He, either at Henan's Kaifeng or Shandong's Dongming.

This large-scale highway construction shows that China has made up its mind to improve its backward highway transportation. The above is just the foundation for building a network of major highways with a total length of 100,000 km, and it can remove only some of the strains on transportation. Only by persistently building highways in the last 10 years of this century without slackening its efforts can China improve its highway transportation.

WANG BINGQIAN REPORTS ON JAN-JUN TAX REVENUES

OW110633 Beijing XINHUA in English 0607 GMT 11 Jul 86

[Text] Beijing, July 11 (XINHUA) -- China's state tax revenues in the first six months of this year met 47.6 percent of the annual plan, ECONOMIC DAILY reports today.

China's annual tax receipts this year will amount to 205.651 billion yuan, Wang Bingqian, state councillor and minister of finance, reported at the fourth session of the Sixth National People's Congress earlier this year.

A number of regions and enterprises are far in arrears with their tax payment or have evaded due taxes, according to the general tax bureau of the ministry of finance. "That is why revenue was limited in the first half of this year," an official of the bureau said.

The official noted that between January and June industrial and commercial taxes increased along with production, with taxes on commercial undertakings rising faster.

The paper predicts industrial production in the second half of the year will be more than in the first, thanks to measures to solve the shortage of energy, raw materials and capital.

The paper said in a commentary that 90 percent of the state revenues come from the tax receipts.

PRESS CONFERENCE TOLD OF BOOM IN LEASING BUSINESS

OW281721 Beijing XINHUA in English 1516 GMT 28 Jul 86

[Text] Beijing, July 28 (XINHUA) -- The China Leasing Co. Ltd. has handled more than 540 leasing projects with a total turnover of 350 million U.S. dollars since it was set up in July 1981, ranking the first among the enterprises of its kind throughout the country, an official from the company said here today.

At a press conference held to mark the fifth anniversary of the founding of the leasing company, Vice-President Jin Zixian said that the company's turnover registered 167 million U.S. dollars in 1985, as against 16 million U.S. dollars in 1982, an increase of 10 times in four years.

The equipment it has leased out covers the electronics, light and textile industries, machine-building, printing, chemical and building materials industries, he added.

Now there are more than 30 leasing organizations in the country. Their turnover totalled more than 800 million U.S. dollars in 1985.

The China Leasing Co. Ltd., one of the pioneering leasing enterprises in the country, has become the largest of its kind in China. It handles single machines and second-hand equipment as well as key technology and equipment required in the energy, communications and materials industries. It has set up six joint-venture leasing companies in cooperation with localities and 44 agencies all over the country. Meanwhile, it has established business relations with over 300 banks, financial organizations, leasing companies, trade and commercial firms in dozens of countries and regions.

Jin Zixian said China has put stress on the development of the energy, communications, telecommunications and raw materials industries during the Seventh Five-Year Plan period (1986-90), and it will import 3,000 items of technology and equipment during the first three years. The leasing company will arrange its work in accordance with the state plan, he added.

LI PENG STRESSES NEED FOR ENERGY CONSERVATION

OW191839 Beijing XINHUA Domestic Service in Chinese 1325 GMT 19 Jul 86

[By RENMIN RIBAO Reporter Li Wen and XINHUA reporter Huang Fengchu]

[Excerpts] Beijing, 19 Jul (XINHUA) -- The conference on energy conservation held by the State Council on 16 July pointed out: It is necessary to persistently carry out our work on energy conservation over a long-term period. Particular efforts must be made to save oil and electricity right now.

Vice Premier Li Peng presided over the conference and delivered a speech. At the conference, the State Economic Commission and the State Planning Commission briefly reported on the situation in implementing the "Interim Regulations on Energy Conservation and Control", and on the work and issues regarding energy conservation. The Ministry of Metallurgy, Shanghai Municipality, and Liaoning Province summarized their experiences in saving energy during the Sixth 5-Year Plan and reported on their plans for energy conservation in the Seventh 5-Year Plan. [passage omitted]

In his speech, Li Peng pointed out: Over the past year, various districts and departments have scored remarkable achievements in saving energy. Most of the energy-consumption indexes have been lowered. However, we must also realize lthat following the development of our economy and the improvement of our people's living standards, our energy needs will become greater and greater, and energy will remain a weak link in social development and in the national economy. Over the past few years, the development of coal resources was fairly rapid. The tense situation in some districts coal supply has relaxed. However, the supplies of petroleum and electric power still fail to meet demand. This kind of situation will remain for a considerably longer period. Therefore, energy conservation will remain a task to which we must pay full attention over the long term. In addition, we must also gradually step up our efforts to conserve even more energy.

After discussions, the conference put forward the following recommendations on energy conservation:

--Adopt a series of economic measures. Efforts must be made to solve the issue of unreasonable price relations among various types of energy resources. [passage omitted]

--Strengthen the necessary administrative control. It is essential to strictly enforce a quota system for the use of energy. Various standards must also be set for electric home appliances. Right now, particular efforts must be made to strengthen control in saving oil and electricity. All transport departments must strive to reduce fuel consumption. [passage omitted]

--Vigorously develop energy-saving techniques. Right now, we must promote technical innovations in the use of large blowers, water pumps, furnaces, and boilers, use new energy-saving equipment to replace old, and put micro-computers into full use for energy conservation.

--Give widespread publicity to energy saving, and help cadres and the masses realize the significant meaning in energy conservation.

ZHAO ZIYANG PAYS LAST RESPECTS TO LI ZIYUAN

OW290149 Beijing XINHUA Domestic Service in Chinese 1219 GMT 28 Jul 86

[Excerpts] Beijing, 28 Jul (XINHUA) -- A ceremony to pay last respects to Li Ziyuan, advisor to the former Ministry of Agriculture, was held at the auditorium of the Babaoshan Cemetry for Revolutionaries today. Zhao Ziyang, member of the Standing Committee of the CPC Central Committee Political Bureau and premier of the State Council, and other leading comrades attended the ceremony to deeply grieve for this outstanding member of the CPC and faithful communist figher. [passage omitted]

Comrade Li Ziyuan died in Beijing on 9 July. He was 69. Comrades Zhao Ziyang, Yi Jianying, Wan Li, Tian Jiyun, Yang Shangkun, Deng Liqun, Wang Renzhong, Yang Yichen, Chen Zaidao, Zhang Tingfa, Wang Congwu, Ma Guorui, Xiao Hongda, and He Kang sent wreaths. [passage omitted]

Li Ziyuan was born in Weixian County, Hebei Province. He joined the revolution after the July 7 Incident of 1937, and was admitted to the CPC in April 1938. He served successively as secretary of the Weixian County CPC Committee, director of the Organization Department of the Nanyang Prefectural CPC Committee, alternate secretary of the Guangdong Provincial CPC Committee, and secretary of the Sichuan Provincial CPC Committee. [passage omitted]

While working on the Sichuan Provincial CPC Committee, he did his best to promote economic structural reform in the countryside and to improve the farming system in light of local conditions, thus making important contributions to changing the appearance of the countryside and to boosting industrial and agricultural production throughout the province.

WAN LI ON RAILWAY RESPONSIBILITY SYSTEM

OW230101 Beijing XINHUA Domestic Service in Chinese 1347 GMT 22 Jul 86

[By Central People's Broadcasting Station reporter Li Rongzu and XINHUA reporter Zhang Jingsheng]

[Text] Beijing, 22 Jul (XINHUA) -- At a forum attended by directors of railway subbureaus throughout the country at the Great Hall of the People today, acting Premier Wan Li pointed out: The implementation of the economic responsibility system on railways is a type of reform aimed at revitalizing railway subbureaus and stations.

He said: In order to delegate more decision-making power to these sub-bureaus and stations, it is necessary to properly consider the interests of the state, the enterprises, and the workers simultaneously and to vigorously whip up the masses' enthusiasm.

At the forum, the directors of the Hengyang, Tatong, and Xuzhou railway sub-bureaus introduced the situation on the railways after implementing the economic responsibility system since the beginning of this year. They also freely discussed the fine situation in railway transport and capital construction. Wan Li had fully reaffirmed the economic results and social effects attained by various sub-bureaus and stations after they had carried out reforms. He warmly praised the Hengyang-Guangzhou Railway Administration for simultaneously building the railway and accelerating transportation, and lauded Guangzhou's South Railway Station for opening up another freight depot and effecting a joint operation with nearby water transport departments. He called on all railways to learn from such an experience. He also urged the department in charge of the construction of the railway from Tatong to Qinhuangdao to develop projects in coordination with the outgoing coal shipments from Shanxi while accelerating the construction of the railway.

Wan Li said: In the course of making reform, the railway departments must strive to arouse the enthusiasm and creativeness of the state-run enterprises and make even greater contributions to developing the national economy. He said: Right now, the major issue is how to further bring into full play the subjective initiative of the basic-level cadres and workers. First of all, we must revitalize the railway subbureaus and stations. In the course of implementing the economic responsibility system at each level, we must put the interests of the enterprises in correct relationship with the interests of the state. We must properly take care of the interests of the workers and staff and do away with egalitarianism. Those who are lazy and those work hard should not enjoy equal pay. We must delegate authority to the broad masses of workers and staff to carry out democratic management, help them become masters of their own destiny, and suggest ways and means for making reforms.

Wan Li emphatically pointed out: To strengthen our management over railways, we must use modern science and technology and summarize our experience in successfully administering our management with a modern approach. We should not substitute science with one's own subjective desire. In the course of making reforms, the leadership at all levels in various railway departments must continuously assess the new situation, study new issues, and fine new ways to tackle such issues. He called on all railway cadres and workers to unite as one and work harder than ever before in carrying out reforms.

The forum attended by directors of railway subbureaus throughout the country is primarily aimed at carrying out reforms even more vigorously with emphasis on the implementation of the economic responsibility system on railways, at winning the initial battle for this year, and at studying measure for the smooth implementation of the economic responsibility system on railways for the next four years.

Also attending the forum were responsible comrades of the relative ministries and commissions under the State Council and leading comrades of the Ministry of Railways.

PLA AUTOMATED COMMAND NETWORK PROGRESS

OW310454 Beijing Domestic Service in Mandarin 1100 GMT 29 Jul 86

[Text] Establishment of the PLA's automated command network began with the development and application of a single line and then long-distance on-line systems; it entered a new phase with the development and application of a network for the entire Army. Currently, this network covers the largest number of contacts and serves the widest range of consumers in the country. It shows that our Army has again made important headway in its modernization program.

In modern times, an army's ability to be informed and to handle military information has become an important component part of its fighting power. In accordance with the Central Military Commission's directive, our Army completed the first-stage of its automated command network project in 1984. Our Army developed a long-distance, Chinese character computer terminal on-line system linking the supreme command network with those of all major units. This system can automatically encode and decode messages and merge operational command and confidential telecommunications, thus, greatly increasing the effectiveness of our Army's command.

During the first half of last year, our Army began work on the second-stage of its automated command network project. This stage includes using hundreds of pieces of Chinese character terminal equipment to link the principal combat troops of the Army, Navy, and Air Force to form the entire Army's computer network. In addition to operational command, this network can also sort intelligence, store documents, and manage itself. Among some consumers, the network will also be able to handle photos. This system will respond at high speed and be able to expand greatly. The scope of its application and its effectiveness will evidently be greater than the first-stage.

YU QIULI URGES ARMY NO LONGER ENGAGE IN TRADE

OW310416 Shanghai City Service in Mandarin 0000 GMT 29 Jul 86

[Text] At the all-Army report meeting on correcting party style and party rectification, Comrade Yu Qiuli said: The Central Military Commission has proposed that the Army should no longer engage in trade. He pointed out: Of the major and important cases investigated and handled throughout the Army, about 80 percent involved economic issues. Of these economic issues, about 80 percent again occurred in business.

ANHUI SECRETARY VIEWS PROPAGANDA WORK IMPORTANCE

OW301922 Hefei Anhui Provincial Service in Mandarin 1000 GMT 29 Jul 86

[Excerpts] The provincial CPC Committee's Propaganda Department held a provincial seminar on propaganda work in Hefei 18-23 July. [passage omitted]

Comrade Li Guixian, secretary of the provincial party committee, attended the meeting and delivered an important speech. In his speech he noted: Party committees at all levels, especially those at the three levels of the province, the prefecture and the city, and the county, should attach great importance to the propaganda work of a new period and foster a sense of urgency and responsibility. This is the prerequisite for ensuring success in propaganda work. In order to accomplish this, it is now necessary to stress efforts to solve problems of comprehending the following five areas:

1. That requiring a correct understanding of the relationship between the two civilizations and of the need to overcome the practice of carrying two flags in one hand; [passage omitted]

2. That requiring a correct understanding of the relationship between the propaganda work of a new period and the effort to carry out reform, open to the outside world, and invigorate the domestic economy and of the need to dispel the wrong concept that propaganda, ideological, and political work is insignificant; [passage omitted]

3. That requiring a correct understanding of the relationship between propaganda work and the party's central tasks; [passage omitted]

4. That requiring a correct understanding of the historic duties of propaganda workers and of the need to overcome complaining and making things difficult; [passage omitted]

5. That requiring a correct understanding of the objective laws on socialist construction and of the need to eliminate indiscrimination in propaganda work. [passage omitted]

On how to stress the main points in the work of propaganda departments, Comrade Li Guixian said: For the purpose of stressing the main points in propaganda work, equal efforts, without regard for the different degrees of importance of matters, should be avoided. Generally speaking, it is necessary to follow Comrade Hu Yaobang's calls for:

1. Understanding the general directions and trends in the ideological state and on the ideological front, heeding the party's major lines of division between right and wrong on the ideological front, and refraining from committing glaring deviations; [passage omitted]

2. Learning how to handle ideological work in a new period and working hard to achieve results.

On how to create a new situation in propaganda work, Comrade Li Guixian emphasized the need to: 1) uphold the ideological line of seeking truths from facts and conduct in-depth investigations and study; [passage omitted]

2) Be highly sensitive so as to grasp the essence of the problems and be good at providing guidance and solutions to the problems that concern the people most and evoke the strongest public reactions; [passage omitted] 3) Create a relaxed theoretical and cultural environment.

In sum, it is necessary to perform the following four tasks: 1) Giving full scope to democracy and treating each other open-heartedly; 2) Permitting [words indistinct] discussions and talks; 3) Mastering policies and launching criticisms as necessary; 4) Encouraging leading comrades at all levels and comrades of the propaganda departments to make friends with people in theoretical and cultural circles.

In conclusion, Comrade Li Guixian stressed the need to strive for better quality of propaganda cadres. He said: The new situation and the party's overall task have imposed new demands on the political and professional qualities of propaganda cadres. It is necessary to develop a sense of urgency in this regard; study the relevant theories in order to gain a thorough understanding of the party's line, principles, and policies; and master the basic skills in conducting investigations and study by going to the front of reform and collecting first-hand information. Efforts should be made to step up one's own ideological and political work and seek unity in thinking and understanding. Propaganda departments should gradually form a reasonable system of talented personnel and constantly sum up and exchange their experiences.

SHANGHAI TO DISBAND 'ADMINISTRATIVE' COMPANIES

OW301432 Beijing XINHUA in English 1335 GMT 30 Jul 86

[Text] Shanghai, July 30 (XINHUA) -- The Shanghai Municipal Government will disband all its 77 industrial companies which, despite their names, are actually administrative organs. The purpose is to facilitate the on-going economic reforms, which aim at boosting efficiency and economic results, a city official told XINHUA today. Staff members of these companies will be assigned new jobs, he assured XINHUA.

Mostly set up in the 1950s, the companies have thousands of enterprises under their leadership. They basically function as administrative organizations between factories and a variety of bureaus. A factory is usually under the leadership of a company which is a subordinate unit of a bureau. All the bureaus are led by the municipal government or by ministries in the central government.

Being a major industrial city in China, Shanghai has many enterprises which have the capacity of independent management in production. But until now, they have had to get the permission of the companies and other leading bodies when they want to make big charges in planning, production, finances, technical renovation, sales of products and appointment of factory directors. "Too many administrative organizations have caused low work efficiency," the official said.

With the progress of production, enterprises have a growing demand for new cooperation to exchange the latest products and modern techniques. They also wish to break through the barriers of the existing companies and find their new partners freely to boost production, according to the official. And in response, the municipal authorities decided to simplify the overlapping administration, the official said. "Without these companies, local enterprises can enjoy more decision-making powers," the official said.

The Shanghai pharmaceutical industry company has already been disbanded. Its employees now work at the factories which used to operate under the company. New companies would also emerge, but they will be of a purely business nature, responsible for their own losses and gains.

CENTRAL-SOUTH REGION

GUANGZHOU MILITARY FORUM MARKS PLA ANNIVERSARY

HK310825 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 30 Jul 86

[Text] On the afternoon of 29 July, the Guangzhou Military Region held a forum marking the 59th anniversary of the founding of the PLA. Over 200 old cadres attached to Guangzhou gathered together, reviewed the course of development of the PLA, and looked ahead to its bright future.

Leaders of the military region, such as Comrades You Taizhong, Zhang Zhongxian, Zhang Wannian, Liu Anyuan, and Zhang Xudeng, as well as leading comrades who have stepped down to the second and third fronts, attended the forum.

On behalf of the Guangzhou Military Region CPC Committee, organs, and fighters, Commander You Taizhong extended season's greetings to the participating old comrades. He praised highly the practice of old comrades who still care much about the work of the units and who frequently suggest ways and means to the units, though they have left their posts. In particular, they have made a good start and played an exemplary role in rectifying the party style.

HAIKOU GARRISON CHECKS ARMY BEARING, DISCIPLINE

HK310353 Haikou Hainan Island Service in Mandarin 0300 GMT 28 Jul 86

[Text] The Haikou Garrison Headquarters recently adopted measures to seriously examine soldiers' bearing and discipline and traffic of army vehicles. A committee for upholding soldiers' bearing and discipline and protecting the safety of army vehicles was established by the headquarters to make unified arrangements and exercise unified leadership in examining soldiers' bearing and discipline and safety of army vehicles in Haikou. The committee has adopted such methods as dividing areas to perform duties to examine and correct soldiers' bearing and discipline and safety of army vehicles.

Soldiers who violate soldierly bearing and discipline and safety of army vehicles in the area of Haikou, (Hucheng), and (Xiuying) must correct their mistakes on the spot. As for soldiers who seriously violate regulations and refuse to correct their mistakes or wilfully make trouble, to whichever army system they belong, the troops of the Haikou Garrison Headquarters have the right to detain and punish them according to the seriousness of their mistakes.

HENAN COURTS ISSUE NOTICE ON HOOLIGANISM

HK301136 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 29 Jul 86

[Text] Recently the provincial Higher People's Court, the provincial People's Procuratorate, the provincial Public Security Department, and the provincial Judicial Department issued a joint notice on hitting hard at hooliganism and rape and maintaining good public order in the summer.

The notice demanded that all people in the province actively taken action, expose and report crimes, promptly curb criminal activities, boldly seize criminals and hand them over to public security organs, teach and persuade criminals to surrender themselves, and assist public security and judicial organs in maintaining good public order.

The notice pointed out that those who committed such crimes as hooliganism and rape must have a clear understanding of the situation, surrender themselves on their own, and confess their crimes so as to strive for lenient treatment. As for those who surrender themselves on their own, confess their crimes, and show real signs of repentance, public security and judicial organs must punish them lightly or exempt them from punishment according to law. As for those who refuse to confess their crimes, hide, escape, make pacts with their accomplices to shield each other, and retaliate against people exposing their crimes, they must be punished severely according to law. The parents, relatives, and friends of criminals must uphold justice and educate and admonish their children, family members, or friends to take the bright road of surrendering themselves. If they shield crimes and connive, they will be severely punished according to law.

HUBEI FORUM HELD ON SUPPORTING ARMY REFORM

HK301435 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 29 Jul 86

[Excerpts] Yesterday, the provincial People's Government held a forum in Hongshan Guesthouse on the work of supporting the Army and giving preferential treatment to its dependents, to explain the situation regarding local support in the Army's reform and building and to listen to the views and requirements of the commanders and fighters of the PLA units stationed in Wuhan. Since the CPC Central Committee and State Council issued a circular in August last year on respecting and cherishing the Army and vigorously supporting the Army's reform and building, the provincial government has taken measures to seriously implement it. [passage omitted]

Last year was the first year that the specified number of personnel of the Army was reduced by 1 million. Our province accepted and made arrangements for 5,957 army cadres to be transferred to civilian work. The State Council has been satisified with our province's work of accepting and making arrangements to transfer army cadres to civilian work. [passage omitted] In recent years, our province has made new progress in the work of giving preferential treatment to and comforting and compensating the family members of army cadres and martyrs and has universally given preferential treatment to the family members of rural compulsory servicemen. [passage omitted]

Wuhan Military District Deputy Commander (Chen Guangcai), Base Command Post Deputy Commander (Li Shaobai) of the General Logistics Department, and Wuhan Command Post Deputy Commander (Wang Chungui) of the Air Force spoke at the forum. Responsible comrades of the provincial and Wuhan City civil affairs departments explained the situation of local governments supporting PLA units' reform and building.

Vice Governor Wang Libin presided over the form and spoke. He stressed: It is necessary to further implement the spirit of the circular, to penetrateingly conduct education in supporting the Army and giving preferential treatment to its dependents, to do well in making arrangements for the cadres transferred to civilian work, for the retired cadres, for the demobilized and for retired armymen for this year, and to support PLA units' reform and building with practical actions.

BRIEFS

CHANGJIANG VALLEY ECONOMIC PAPER -- Beijing, 24 Jul (XINHUA) -- The first newspaper reporting economic development in the Yangtze River Valley has been launched in Wuhan, capital of Hubei Province. The paper, called "YANGTZE RIVER DEVELOPMENT", is a four-page weekly. [Text] [Beijing XINHUA in English 1141 GMT 24 Jul 86 OW]

LHASA IMPLEMENTS POLICY ON RELIGIOUS BELIEF

HK290825 Lhasa Xizang Regional Service in Mandarin 1130 GMT 25 Jul 86

[Excerpts] Lhasa City has seriously implemented the party's policy on freedom of religious belief. By the end of May this year, the city had repaired and opened to the public 32 temples and further protected all normal religious and festive activities, including worshipping Buddha, saying prayers, burning incense, explaining Buddhist scripture, and singing songs of praise. Religious books, publications, articles, and works of fine art seized and prohibited during the Cultural Revolution have been allowed to be sold. The masses in both urban and rural areas who profess a religion have peace of mind and live and work in peace and contentment.

During the new historical period, Lhasa City has regarded resolute implementation of the policy on freedom of religious belief as an important matter in striving for unity and in teaching personages of religious circles to strengthen unity between people of all nationalities who profess a religion and those who are not religious. The city has returned the frozen deposits of some 170,000 yuan to (Zhebang) temple and (Zila) temple and returned to temples 354 head of livestock confiscated or misappropriated during the Cultural Revolution. All organs have also sorted out and returned to temples 845 articles, including mats, musical instruments used in Buddhist mass, and gold-plated Buddha figures.

In the work of restoring and building places for religious activities, in addition to the funds appropriated by the government, the masses have also spontaneously raised funds to repair and build them. Relevant departments have paid attention to practical results and to avoiding the consumption of a large amount of manpower, material and financial resources. [passage omitted]

In the course of implementing the policy on freedom of religious belief, Lhasa City has also paid attention to training and educating patriotic religious professional personnel of the younger generation. According to statistics, the temples and Buddhist convents of Lhasa City now have some 1,600 lamas and 239 Buddhist nuns. A large number of young religious professionals at these are enhancing their cultural level on the one hand and studying religious knowledge on the other. They will become a backbone force of normal religious activities.

XIZANG LEADERS VISIT GEOTHERMAL POWER PLANT

HK300821 Lhasa Xizang Regional Service in Mandarin 1130 GMT 28 Jul 86

[Excerpts] Wu Jinghua, secretary of the regional CPC Committee; Mao Rubai, deputy secretary of the regional CPC Committee and vice chairman of the regional People's Government; and Gyamco, vice chairman of the regional People's Government, inspected on 27 July the exploitation of geothermal energy in Yangbajain. Accompanying them were principal responsible comrades of the regional Planning Commission, regional Water Conservancy and Electricity Department, regional Geological Minerals Bureau, regional Communications Department, and Lhasa City. [passage omitted]

Comrade Wu Jinghua pointed out that speeding up the exploitation is our guiding thought in exploiting geothermal energy. The main energy exploitation in our region is exploitation of geothermal energy. He hoped that all relevant units would do all they can to speed up the exploitation of geothermal energy.

Mao Rubal, deputy secretary of the regional CPC Committee and vice chairman of the regional People's Government, gave an introduction to electricity consumption in Lhasa's electricity networks. He then raised two demands for the personnel engaged in exploitation of geothermal energy. 1) Efforts should be made to speed up the construction of the second geothermal power plant in (Yangbajin) so as to supply electricity to Lhasa as soon as possible. 2) Technological transformation should be carried out to increase the existing installed capacity to its maximum. He also gave specific instructions on geothermal prospecting and the locating of geothermal wells.

YUNNAN BORDER UNITS, LEADERS CELEBRATE ARMY DAY

HK290839 Kunming Yunnan Provincial Service in Mandarin 2200 GMT 28 Jul 86

[Excerpt] On the afternoon of 28 July, the border defense frontline units attached to the province, Yunnan's party and government leaders, and Wenshan autonomous prefecture and county leaders held a forum marking the 59th anniversary of the founding of the PLA. The forum on cooperation between the Army and the government and between the Army and the people was held in a certain border area.

Wan Heifeng, political commissar of Chengdu Military Region; Zhu Zhihui, deputy secretary of the regional CPC Committee; leaders of a certain border defense frontline unit, leaders of Wenshan Autonomous Prefecture and County; and representatives of the units attended the forum.

On behalf of the provincial CPC Committee and government, as well as the province's 34 million population, Zhu Zhihui expressed thanks to the fighters attached to the province, who have made remarkable contributions to protecting and building the border area. [passage omitted]

BRIEFS

CHONGQING PORT MANAGEMENT REGULATION -- Beijing, 28 Jul (XINHUA) -- Chongqing, where the Yangtze and Jialing rivers join, has issued China's first inland port regulation to make unified management and full use of its port. The port will be managed in line with the regulation which will speed up the port construction, coordinate the business of transport, operation and management and uphold legal right of the related organizations and individuals. [Text] [Beijing XINHUA in English 1333 GMT 28 Jul 86 OW]

YUNNAN FOREIGN INVESTMENT -- Beijing, 28 Jul (XINHUA) -- Yunnan Provincial Government has listed 85 projects for foreign investment in the coming 5 years. These projects involve the metallurgical, electronics, machinery, chemicals, building materials, textiles, pharmaceuticals, food-processing, agriculture, forestry, animal husbandry, and tourism industries. [Text] [Beijing XINHUA in English 1334 GMT 28 Jul 86 OW]

HEBEI TO CONTROL CAPITAL CONSTRUCTION INVESTMENT

SK310808 Shijiazhuang Hebei Provincial Service in Mandarin 2200 GMT 16 Jul 86

[Text] Our province has made notable achievenments in controlling the scale of investment and readjusting the investment structure. The investment structure of the province is tending toward rationalization thanks to the slow development of capital construction in the first half of this year. This has created fine conditions for facilitating the sustained, stable, and coordinated development of the national economy.

Statistics released by the provincial Statistical Bureau show that in the first half of this year, the province invested 1.1 billion yuan in capital construction, an increase of 12.8 precent over the corresponding period of last year. Of this, the province invested 410 million yuan in local capital construction projects, a drop of 2.3 percent from the corresponding period last year. With regard to the sources of funds, 110 million yuan were loans granted by banks, a decrease of 24.3 percent from the same period last year; and 45 million yuan in funds were not covered by the investment plans, a drop of more than 50 percent, thus putting an end to the situation in which the province had registered substantial increases in the scale of budgetary investment, particularly the scale of extra-budgetary investment, from the beginning of last year.

In the first half of the year the province increased investment in such key construction projects as energy resources, transport, and communications. The province invested 440 million yuan in these areas, an increase of 37.5 percent over the same period last year. Of the total investment, the proportion of investment in these projects showed an increase of 7.4 percent over the corresponding period of last year. Simultaneously, the province reduced investment in nonproductive construction. In the first half of this year, the province invested 420 yuan in this regard, a drop of 5.5 percent from the corresponding period last year. The ratio of nonproductive to productive construction dropped from 1 to 1.2 last year to 1 to 1.64. The investment structure is tending to become rationalized.

NEI MONGGOL HOLDS GET-TOGETHER TO MARK ARMY DAY

SK310518 Hohhot Nei Monggol Regional Service in Mandarin 1000 GMT 30 Jul 86

[Excerpt] On the evening of 30 July, a grand get-together was held in Hohhot with the participation of party and government comrades, soldiers, and civilians to mark the 59th anniversary of the founding of the PLA. The get-together was held at the reception center of the Nei Monggol Military District. More than 40 representatives of the people of all nationalities in all circles in Hohhot City happily gathered at the newly built reception center to extend holiday greetings to one another and to commonly talk about the profound sentiment of friendship between the Army and the people, which is close as fish and water.

The participants in the get-together pledged to make new contributions to further strengthening the unity between the Army and the government and between the Army and the people on defending and building the border areas.

Attending the get-together were leading comrades of the regional and Hohhot City party, government, and military organizations and CPPCC Committees, including Tian Congming, Cai Ying, Zhou Rongchang, Wen Jing, Liu Yunshan, Shen Xinfa, Hao Xiushan, Liu Yiyuan, (Zhang Penghai), Zhang Fenglin, (Ha Si), Baoyanbatu, Yun Zhaoguang, (Ya Cai), (Huerbinlang), and (Menggurui). Ting Mao, member of the Central Advisory Commission, was also invited to the get-together. Also attending were veteran comrades who have worked for our region for a long time, including Huang Hou, Liu Chang, and Yun Yili. (Lin Rui), vice mayor of Hohhot City, spoke at the get-together. [passage omitted]

NI ZHIFU INSPECTS TIANJIN GRASSROOTS ENTERPRISES

SK300910 Tianjin TIANJIN RIBAO in Chinese 18 Jul 86 p 1

[Excerpts] The 44 service groups composed of 210 cadres of the municipal-level organs led by 16 municipal leading comrades, including Ni Zhifu, Wu Zhen, and Nie Bichu, left their offices and went deep into the grassroots units to conduct investigations and study in order to understand and grasp the new situation and problems of the enterprises and to help them increase income and reduce expenses.

On the morning of 15 July and the afternoon of 17 July, Comrade Ni Zhifu successively guided service groups to inspect a mould integrated company and a general equipment plant. Comrade Ni Zhifu pointed out: We should emancipate our minds and smash old convention in order to develop lateral economic cooperation between enterprises and between different areas. The municipal leading organs should first study policies and second offer good service. We should adopt economic, legal, and administrative means to promote the development of lateral cooperation. Leading persons of enterprises should foster new ideas and ways of thinking, and judge and solve problems in line with the demands of the new economic structure instead of the old structure and old methods. Instead of establishing multilayered organizational structures, the enterprises should streamline their organizational structure and set up organs with a spirit of advance. The personnel of the enterprises should be small in number but highly trained. The enterprises should adopt new policies and methods for management and link payment with economic results. The enterprises should adopt various methods to organize scientific and technological personnel. Comrade Ni Zhifu also posed specific opinions on the development of the mould trade and the bathroom fixtures trade. [passage omitted]

Also guiding service groups to inspect enterprises over the past few days were leading comrades, including Zhang Dinghua, Wang Xudong, Yang Jingheng, He Guomo, Zhang Lichang, Li Zhongyuna, Liu Zengkun, Xu Ming, Yao Jun, Liu Jinfeng, Lu Xuezheng, Li Changxing and Zheng Wantong.

GAO DI ADDRESSES JILIN CPPCC WORK CONFERENCE

SK280355 Changchun Jilin Provincial Service in Mandarin 0930 GMT 27 Jul 86

[Excerpts] The Jilin Provincial CPC Committee held a conference on the work of the CPPCC in Changchun City on 27 July to discuss the issue of how to enhance the party's leadership over the work of the CPPCC in the new historic period and how to bring into full play the CPPCC function and role in conducting political consultation and democratic supervision.

Wang Zhonggyu, deputy secretary of the provincial CPC Committee, presided over the conference.

At the conference, Gao Di, secretary of the provincial CPC Committee, and Liu Jingzhi, chairman of the provincial CPPCC Committee, delivered speeches.

In his speech, Comrade Gao Di first reviewed the great deal of work done by CPPCC organizations at all levels in conducting political consultation and democratic supervision with the focus on the construction of the two civilizations, in serving the program of the four modernizations, and in promoting social stability and unity during the period since the successive restoration of the CPPCC organizations in 1978. He stated: The provincial CPC Committee holds that the relationship between the party and other social sectors in the province is harmonious and that CPPCC work has scored marked achievements.

In referring to the importance of the work of the CPPCC in the new historic period, Comrade Gao Di pointed out: As an organization of the patriotic united front, the CPPCC Committee has played an irreplaceable role in political life and in the program of the four modernizations throughout the country. In particular, the work of the CPPCC should all the more be enhanced in the new historic period. Practice has shown that without a highly developed socialist democracy there will be no socialist modernization. Our cause is complicated and arduous. The party's leading cadres at all levels have somewhat understood the practice of legal supervision, but they have not been fully aware of democratic supervision. For this, we should make efforts to enhance the work of the CPPCC. Vigorous CPPCC work will certainly result in the effect of democratic supervision and will enable us to make fewer mistakes, to exercise correct leadership, and to do the best job in our work.

In his speech, Comrade Gao Di also put forward the following four opinions on how to enhance or improve the party's leadership over the work of kthe CPPCC:

1. Party committees at all levels should put the work of the CPPCC on their daily schedules, hear the reports of CPPCC Committees on their work, and study and enhance measures for guiding CPPCC work.

2. Efforts should be made to deeply conduct propaganda and education on the theories and policies of the united front among party members and other social sectors.

3. In making arrangements for the leading body of the CPPCC Committee, party committees at all levels should not assign aged and retiring party-member leading cadres to the leading bodies of the CPPCC Committees and ensure the continuity of CPPCC work in line with the four requirements of employing cadres.

4. Efforts should be made to create favorable working conditions for the CPPCC Committees so that their work can meet the needs of the new situation and deal with new problems, and play an increasingly greater role in building the two civilizations. [passage omitted]

On the afternoon of 27 July, participating comrades held a group discussion on the speeches given by Comrades Gao Di and Liu Jingzhi. [passage omitted]

Attending the conference were party secretaries from various cities, prefectures, the autonomous prefecture, and countries; chairmen of the CPPCC Committees at all levels; and responsible comrades from the provincial-level departments concerned.

Also attending the conference were leading comrades from the provincial CPC Committee, the provincial advisory Commission, the provincial People's Congress, the provincial people's Government, and the provincial CPPCC Committee, including Gao Dezhan, Xiao Chun, Huo Mingguang, Li Dezhu, Du qinglin, Gao Wen, Wang Jinshan, Zhang Fengqi, Guan Mengjue, He Yugqing, Geng Yuelun, Luo Yuejia, Jin Minghan, and Lu Shiqian.

LIAONING SECRETARY ON ECONOMIC WORK, PARTY STYLE

SK300838 Shenyang LIAONING RIBAO in Chinese 17 Jul 86 p 1

[Text] From 13 to 15 July, the provincial CPC Committee and government held a meeting of city CPC Committee secretaries and mayors in Shenyang. The meeting relayed and studied the relevant speeches of central leading comrades, analyzed and reviewed the province's situation in the first half of this year, and worked out plans for work in the second half. Li Changchun, deputy secretary of the provincial CPC Committee, spole on the current economic situation of the province, and economic work in the latter half of this year, and Quan Shuren, secretary of the provincial CPC Committee, gave a summing-up speech. Leading comrades of the provincial Advisory Commission, People's Congress and CPPCC Committee, and responsible comrades of the various departments and bureaus directly under the province attended.

In his speech, Quan Shuren first dwelt on the provincial situation in the first half of this year. He said: The pronincial CPC Committee holds that, in general, the provincial situation was good in the first half of this year. All fields throughout the province earnestly implemented the principle of "consolidation, assimilation, supplement and improvement' set forth by the central authorities, and further improved and mastered the measures already put into effect, thus unifying their thinking, bringing their relations into better balance, and creating a good situation in which the market supply was abundant, market prices were stable, and the people's minds were at rest. While enlivening the microeconomy continuously, they gained through explorations some experiences in strengthening and improving macroeconomic control, and again achieved new progress in lateral economic cooperation. Industrial production once slowed down early this year, and revenues were not ideal, but they gradually returned to normal and a good trend of steady growth appeared thanks to the measures adopted in May. The agricultural front will reap a good harvest if no serious disaster occurs in the future. A situation in which the whole party pays attention to party style has taken shape. The work to investigate and handle major and appalling cases has proceeded fairly rapidly, and the six unhealthy trends as pointed out in central Document No 57 have been bascially eliminated.

A great amount of work was carried out in correcting the unhealthy trends of various trades, and good results were achieved. The masses have gained confidence in achieving a fundamental improvement in party style. This is very important.

speaking on work for the latter half of this year, Quan Shuren said: In the second half of this year we should continue to "consolidate, assimilate, supplement and improve" the reform measures already put into effect, in particular delegate power to enterprises, invigorate enterprises, and solve the problem of withholding the power that enterprises are entitled to. All cities, units, and trades should conduct inspections to see whether enterprises have all the power they are entitled to. Enterprises themselves should further reform and improve the various economic responsibility systems and distrubution systems, and better balance the relations among various quarters after the reform of their wage system. We should continue to regard the various forms of lateral economic cooperation as an important content of economic structural reform, the tasks for economic work for the latter half of this year are very arduous. CPC Committees and government at all levels should devote major efforts to carrying them out. The work in all fields should be focused on economic work. We should properly handle the relationship between quantity and quality, and between growth rate and economic results, and persistently give top priority to upgrading product quality and improving economic results. Provincial departments should send people to the grassroots to help key areas and trades solve their specific problems. We should firmly grasp agricultural production, grain production in particular. Now is the flooding season. All localities should step up the repair of the works damaged by floods to raise their flood control capacity. They should exert great efforts to carry out later-stage field management in order to speed up the ripening of crops, pay attention to preventing low temperatures, cold damage and early frost, and make early preparations for purchases of autumn grain so as to purchase more. We should successfully develop the mountainous areas in the eastern and western parts of Liaoning and readjust the unitary economic structure of the northern part. These three parts of the province have a vast territory and abundant resources. However, they are economically backward due to insufficient comprehensive development. To successfully develop these areas not only represents a requirement in changing their own outlook but also will effectively facilitate the economic and social development of the province. We should expand the lateral ties between economically developed areas and poverty-stricken areas, between urban and rural areas, and between urban enterprises and township enterprises to expedite their development. Large and medium-sized enterprises, colleges and universities, scientific research units and medical and health departments throughout the province should render support to their counterpart units. The province and all cities and counties should mobilize a great number of cadres to work in poverty-stricken areas, to help these areas eliminate poverty and achieve affluence, and to temper themselves in practical work.

Speaking on the rectification of party style in the latter half of this year, Quan Shuren stressed two points. One is to continuously step up efforts to investigate and handle major and appalling cases, speed up this work, and improve its quality. The other is to correct the unhealthy trends of various trades with great efforts in the latter half of this year. CPC Committees at all levels should correct the unhealthy trends of various trades, and all departments in charge of the trades should all themore do so. We should expose the manifestations and damage of the unhealthy trends of various trades so that they will enhance their understanding and be determined to correct them.

QINGHAI'S YIN KESHENG ATTENDS ARMY DAY GATHERING

HK310143 Xining Qinghai Provincial Service in Mandarin 2230 GMT 30 Jul 86

[Excerpts] The provincial government and military district held a grand gathering in the Qinghai Theater on 30 July to celebrate the 59th anniversary of the founding of the PLA. Present were party, government, and army leaders of the province and city and of PLA units stationed in the province including Yin Kesheng, Song Ruixiang, Huanjuecailang, Han Yingxuan, (Cheng Zhengren), Ma Wanli, Xabchung Garbo, Yang Wenjin, Yang Maojia, Han Fucai, Shen Ling, (Xie Zhanbin), (Sun Guoting), (Hu Jijun), and (Zhai Xinfa). [passage omitted]

(Xie Zhanbin), deputy commander of Qinghai Military District, sincerely thanked the party and government organs and the 4 million people of Qinghai for their support for the PLA's work. [passage omitted]

SHAANXI INSTITUTES BIRTH CONTROL REGULATIONS

HK310115 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 30 Jul 86

[Text] The provincial People's Congress Standing Committee has issued a notice stating that the provincial birth control regulations come into effect on 31 July.

The regulations say that practicing birth control is a basic national strategy. It is advocated that a couple have only one child, and they are strictly forbidden to have a second or more not covered by the plan. Couples with special circumstances or in practical difficulties and who meet the eugenic [you sheng] conditions can have a second child if they apply for and gain the approval of the county, city, or district birth control departments. The interval between births should be more than 4 years. All couples capable of having children must take effective contraceptive measures in accordance with the demands of birth control.

The birth control departments at all levels must seriously implement the principles, policies, and rules and regulations on birth control work, and also be responsible for checking on their implementation. They must firm up contraceptive measures and do a good job in providing technical services, drugs, and devices.

In equal conditions, single children will receive priority treatment in entering nursery or school, in labor recruitment, and in medical care, health checks, and so on.

Regarding pregnancies not covered by the plan, it is necessary to conduct education by persuasion and take remedial measures to terminate the pregnancy. If education by persuasion has no effect, those concerned can be fined and subjected to administrative discipline.

Fines or administration disciplinary punishment will be imposed, in light of the seriousness of the circumstances, on people who maltreat a woman practicing contraception or a mother who gives birth to a baby girl; who cruelly injure or kill young children; and who hamper birth control personnel in the execution of their official duties. People will be held administratively accountable in criminal cases of this type.

After the provincial birth control regulations come into effect, the previously promlulgated provisional provincial regulations and their supplementary provisions become null and void.

OFFICIAL ASKS FOR NEW DAYA BAY NUCLEAR STUDY

HK300143 Hong Kong HONG KONG STANDARD in English 30 Jul 86 p 1

[By Katherine Saltzstein]

[Text] A government official yesterday asked for a more comprehensive study of Daya Bay by the United Kingdom Atomic Energy Authority (UKAEA), while a member of the Legislative Council [Legco] called for an independent third party to look at the proposed nuclear power plant.

Mr John Yaxley, Secretary for Economic Services, said in a press statement that the UKAEA at Harwell, commissioned by the Hong Kong Government to study the plant, should take a closer look at the specific characteristics of Daya Bay.

The UKAEA also authored the feasibility study of the plant undertaken five years ago and released in Hong Kong this week.

Mr Yaxley criticised the authority's most recent report, saying that the preliminary accident assessment was based on safety studies of reactors elsewhere in the world, and did not consider all features of the proposed Daya Bay plant.

He suggested that the study encompass specific features of pressurised water reactors -- the type to be built at Daya Bay. Also, other factors, including meteorology, topography, and demography of the area should be looked at, he said.

Mr Yaxley returned recently after meeting with UKAFA officials who agreed to expand stage II of the accident assessment study to make it more relevant to the Daya Bay plant and site.

A team of officials will soon travel to Harwell to consult UKAEA officials on the details. The final report will be made public, he said.

UKAEA recently issued a preliminary report on contingency planning for the plant.

Meanwhile, Legislative Councillor, Mr Poon Chi-fai, said he would propose at a Legco in-house meeting that an independent investigation "by a neutral third party" be conducted.

He criticised the joint venture company working on the project for not releasing more information.

HONG KONG PAPER DETAILS PRC'S 'FRIENDLY REACTOR'

HK310139 Hong Kong HONG KONG STANDARD in English 31 Jul 86 p 2

[Text] An ingenious set-up for releasing atomic particles has made headway for the developing Chinese nuclear industry to compete in the international market.

Professor Chan Yau-wa, who is acquianted with both the American Atomic Energy Commission and the China Nuclear Society, told THE STANDARD that U.S. buyers are interested in a Chinese-designed Miniature Neutron Source Reactor.

The Chinese university professor of physics said American scientists have recently approached the Export and Development Department of the China Nuclear Energy Industry Corporation in Beijing for details about the U.S. $100,000 (about HK$780,000) facility.

Foreign buyers are mainly attracted by the simplicity of the installation, which has wide medical and educational applications.

The core of the reactor is sealed in a cylinder of 0.6m in diameter and 5.7m tall, which in turn is suspended in an underground water pool.

The pool-tank, together with the main controlling units, can be housed in a room of less than 15 square meters. Technicians can thus work side by side with the instrument, dubbed the "friendly reactor" in the U.S.

A small team of about five technicians is adequate to run the reactor and its back-up equipment including a multi-function computer system.

A similar model is now in use in Canada. But, unlike its Chinese counterpart, it was not designed for production in large numbers.

Neutrons are generated in the reactor by using Uranium-235 of 90 percent enrichment. The nuclear particles produced are used for analysing the features of different materials.

The reactor has handled over 10,000 samples from a wide range of fields such as geology, agriculture, medical science and environmental protection in the last two years.

The installation is also effective in making radio-isotope products. It can produce dozens of radio-isotopes for medical use.

The Chinese nuclear researchers also claimed high safety standards for their product. The accumulated radiation dose for a person working full time in the reactor room for one year is said to be only one to two percent of the permissible level.

DANDONG CONDUCTS EXPERIMENTS IN POLITICAL REFORM

HK290837 Hong Kong TA KUNG PAO in Chinese 27 Jul 86 p 3

[Article by correspondent Liao Kei-shang: Dandong -- A Pilot Project in Political Reform"]

[Text] Dandong, known for its pongee both in China and abroad, is located along the Yalu Jiang, a natural river border separating our country from North Korea. Thecity, which is filled with an exotic atmosphere, is striving to tremendously expand its harbor during the Seventh 5-year Plan by virtue of its favorable geographical conditions so as to offer shipping services to northeast China. At the same time, in order to coordinate the expansion the city will soon reform its political structure.

Dandong, the biggest border city in northeast China, was hit by an exceptionally serious typhoon last year and suffered enormous losses in land, houses, and natural resources. However, with the concerted efforts of the city government and people, the city has quickly returned to normal. [paragraph continues]

In the eyes of Hong Kong and Macao journalists, the city cannot be regarded as perfect, but it is in good order. Drawing lessons from last year's typhoon, Mayor Zheng Ping has mobilized the whole city to adopt control measures before the coming of typhoon season of this year.

Unlike Shenyang and other old industrial bases, Dandong is a newly developed industrial city and will play a major role in stimulating the reform of enterprises. With the reform of the economic structure developing in depth, the reform of political structure has also been placed on the agenda. This demonstrates that reform of the economic structure and reform of the political structure cannot be separated.

In June this year, a meeting on reforming the political structure in medium-sized cities was held in Jiangmen. As one of 16 experimental cities in the country, Dandong will reform the structure of its government offices so that they will not be able to interfere in enterprise operations by administrative means. Zheng Ping said he has entrusted a special group to devise a reform plan. The plan is expected to be worked out in August and will be enacted in September with a view toward consolidating what has been achieved in the economic reform. The guidelines of the plan are to grant enterprises greater decisionmaking power, invigorate their management, and improve their economic efficiency. Meanwhile, functions of government organizations will be changed so that enterprises will be able to engage in commodity production independently and strengthen their market competition. The supervisory function of government organizations will also be readjusted by means of streamlining the administrative structure. Zheng Ping estimated that one-third of government officials would be reduced. He said that young cadres would be trained and assigned to other posts, but he anticipated that there would be obstructions.

Zheng Ping pointed out: The previous reform was microscopic and was restricted only to enterprises. However, this time the reform will be macroscopic and is aimed at ironing out contradictions between enterprise managers and the old management system.

Dandong is now striving to build itself into a harbor city of light industry, textiles, and tourism through reform of its political structure. Meanwhile, it is working hard to build itself into an open port with deep-water berths at the northern tip of our country. Chen Suiguo, chairman of the Dandong City Foreign Economic Relations and Trade Commission, said that during the Seventh 5-Year Plan period, the port will be equipped with four 10,000-ton berths and two 5,000-ton berths, with a handling capacity of 3.7 million tons. In the first phase of the project, construction of a coal pier started last month with an investment of 66 million yuan. It is estimated that the pier will be completed and commissioned in 1988, with a handling capacity of 750,000 tons. With completion of the pier, the coal shortage of the city will be corrected. In addition to this, it will also work as a port for shipping out export goods from east Liaoming, Jilin, and Heilongjiang. Dandong will become another major port after Dalian and Yingkou in northeast of our country.

DAILY REPORT

CONTENTS

China

Vol I No 148 1 August 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

Possibility of Holding U.S.-USSR Summit Viewed [LIAOWANG OVERSEAS EDITION 28 Jul] A 1
PRC Plans World Shipping Register Network A 2
Huang Hua Fetes Esperanto Congress Leaders A 2

UNITED STATES

PRC Urges U.S. To Respect Hague Ruling on Nicaragua B 1
U.S. Court Rules in Favor of PRC in Bond Case B 1
LIAOWANG on U.S. Arms Sales to Taiwan [OVERSEAS EDITION 28 Jul] B 2

SOVIET UNION

USSR's Talyzin Reported To Visit PRC in 'Autumn' [KYODO] C 1

NORTHEAST ASIA

DPRK Provincial Party Delegation in Liaoning [LIAONING RIBAO 18 Jul] D 1
DPRK Economic Delegation Leaves for Home [LIAONING RIBAO 18 Jul] D 1

MIDDLE EAST & AFRICA

Solution to Mideast 'Quagmire' Remains Elusive I 1

LATIN AMERICA

Cubans Perform in PRC for First Time in 20 Years [CHINA DAILY 1 Aug] J 1
Communications Minister Leaves for Colombia J 1

PRC NATIONAL AFFAIRS

Minister Notes Safety of Nuclear Power Stations K 1
State Council Appoints, Removes Officials K 1
Defense Ministry Marks PLA Founding Anniversary K 2
Visit to Shijiazhuang Army School Reported K 3
Yu Qiuli Cuts Ribbon for PLA Heroes Exhibition K 5

Air Force Notes Benefits of High Technology [CHINA DAILY 1 Aug] K 5
Bainqen Erdini To Inspect Sichuan Tibetan Areas K 7
Gu Mu Talks Tourism Development in Hubei K 7
NONGMIN RIBAO on Cooperative Economy Development [19 Jul] K 8
Five Cities Experimenting in Funds Market K 9
Government's Role in Lateral Associations Viewed [RENMIN RIBAO 21 Jul] K 10
Industry Remittances to State Expected To Drop K 14
Commentary Urges Peasants To Invest in Land [NONGMIN RIBAO 22 Jul] K 15
Establishing Lateral Economic Ties Urged [JINGJI GUANLI 5 May] K 17
RENMIN RIBAO on Machine-Building Industry [23 Jul] K 22
Rabbit Pelt Production Continued During Price Fall [RENMIN RIBAO 28 Jul] K 23
Commentator's Article [RENMIN RIBAO 28 Jul] K 24
New Sanxia Project Feasability Study Ordered [RENMIN RIBAO OVERSEAS EDITION 30 Jul] K 25
Wan Li Marks Resurgence of Hebei Earthquake City K 26
Receives Young Pioneers K 27
Provincial Bodies Adopt Reform Regulations K 28
Township Enterprise Products Enter Export Market K 28
Armed Forces Support Reform, Open-Door Policy K 29
Navy Launches 'Gains Versus Losses' Discussions K 30
Ministry Lists Nearly 2000 Groups for PLA Retirees K 31
Yang Dezhi Views PLA Amateur Music Performance K 32
XINHUA Describes Air Units' Improved Training K 32
Beijing Get-Together Marks PLA Anniversary K 32
Yu Qiuli, Zhang Aiping Visit PLA Photo Exhibit K 33
PRC To Issue 70 Million ID Cards in 1986 K 33
Vice Minister on Task for Balanced Budget K 34
RENMIN RIBAO Carries HONGQI Table of Contents [31 Jul] K 35

PRC REGIONAL AFFAIRS

EAST REGION

Anhui Governor Addresses Retired Army Cadres O 1
Fujian Secretary Attends Military Meeting [FUJIAN RIBAO 23 Jul] O 1
Jiangsu Marks PLA Founding Anniversary O 2
Jiangxi Issues Draft Registration Circular O 3
Jinan PLA Participates in Economic Construction O 4
Shandong PLA Commander at PLA Founding Reception O 4
Rui Xingwen Visits Shanghai Armed Police O 5

CENTRAL-SOUTH REGION

Guan Guangfu at Ideological, Political Conference P 1
Mao Zhiyong at Forum To Mark PLA Anniversary P 2
Hunan Benefits From Interregional Cooperation P 2

NORTH REGION

Hebei Secretary Writes Letter to Laoshan Troops R 1
Tianjin's Ni Zhifu Watches Musical Performances R 1
[TIANJIN RIBAO 20 Jul]

NORTHEAST REGION

Jilin Secretary Speaks on Township Enterprises S 1
Gao Di Attends Army-Civilian Army Day Soiree S 1
Gao Di Inspects Flood Situation Over Siping S 2

TAIWAN

UNITED DAILY NEWS on Posture for Talks With U.S. V 1
Ministry Orders More Market-Opening Measures V 1

HONG KONG MEDIA ON CHINA

UK Industry Expects Daya Bay To Turn to Coal W 1
[HONGKONG STANDARD 1 Aug]
PRC Asked To Sign International Rights Pacts W 2
[HONGKONG STANDARD 1 Aug]

FBIS DAILY REPORT CONTENTS

China

Vol I No 149 4 August 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

Textile Accord 'Disappoints' Producing Countries A 1
Shanghai, Overseas Publishing Houses Cooperate A 1
Ethnic Groups Games To Receive IOC, UNICEF Gifts A 2
Austrian Paper Interviews PRC's Huang Hua [KURIER 31 Jul] A 2
Commentary on Howe's Mission to Southern Africa [RENMIN RIBAO 31 Jul] A 4

UNITED STATES

U.S. Resolution on PRC Civil Rights 'Interference' [RENMIN RIBAO 4 Aug] B 1
Business Magazine To Be Published With U.S. B 1
Wu Xueqian Meets U.S. Arms Control Agency Head B 2
Beijing Mayor Welcomes New York City Youth B 2
XINHUA Views U.S. Drug Abuse, Antidrug Efforts B 3

SOVIET UNION

Wu Xueqian Comments on Gorbachev's Speech [KYODO] C 1
Soviet Premier Visits PRC Moscow Trade Fair C 1
    Models 'Overwhelm' Fairgoers C 2
    Soviet Paper Lauds Exhibition C 3
LATE REPORT: Wu Xueqian Remarks on Soviet Policy [KYODO] C 3

SOUTH ASIA

Nepal Foreign Minister Starts PRC Visit F 1
    Cited on Objectives F 1
    Arrives in Beijing F 1
    Meets With Wu Xueqian F 1
    Talks With Wan Li F 2
    Wu Xueqian Speaks at Banquet F 2
    Meets Vice President Ulanhu F 3
    Received by Huang Hua F 3

MIDDLE EAST & AFRICA

XINHUA Analysis of Bush's Middle East Visit I 1
PRC, Senegal News Services Sign Cooperation Pact I 2
Beijing Youth Collect Money for African Relief I 2

PRC NATIONAL AFFAIRS

Engineer Interviewed on Safety of Daya Bay [RENMIN RIBAO OVERSEAS EDITION 31 Jul] K 1
Industry Minister on Nuclear Power Safety K 2
Zhao Ziyang Attends Memorial for Nuclear Scientist K 4
Zhang Aiping Eulogy K 5
Wan Li Addresses National Soft Science Symposium K 8
Top Leaders Attend Army Day Reception 31 July K 11
Wan Li, Others Attend 1 Aug Army Day Gathering K 12
PLA Leaders Inspect Border Defense Units K 12
Army-Wide Discussions on 'Correct Attitude' K 13
Antichemical Warfare Corps Embody Modernization K 13
Air Force Awards Certificates to 400 Pilots K 14
Air Force Fliers Receive Grades, Titles K 14
PLA Increases Research on Defense Strategy [CHINA DAILY 2 Aug] K 15
Customs Brings Smuggling Under Control K 16

PRC REGIONAL AFFAIRS

EAST REGION

Open Policy Helps Jiangsu Economy Flourish O 1
Shandong's Liang Buting Visits PLA Units O 1

CENTRAL-SOUTH REGION

Journal Views Guangdong Economic Development [KAIFANG 8 Jul] P 1
Shantou, Guangdong, Designated Entry, Exit Port P 3

NORTH REGION

Ni Zhifu Speech on Spiritual Civilization [TIANJIN RIBAO 22 Jul] R 1

HONG KONG MEDIA ON CHINA

CHENG MING on 'Spy Wars' Between Superpowers [1 Aug] W 1

FBIS DAILY REPORT
CONTENTS

China

Vol I No 150 5 August 1986

PRC INTERNATIONAL AFFAIRS

NORTHEAST ASIA

Wu Xueqian Meets Japanese Party Adviser D 1
    Hu Yaobang Meets Nikaido D 1
Tokyo Bank of China Manager on Japanese Investment [ZHONGGUO XINWEN SHE 2 Aug] D 2
Sino-Japanese Venture To Produce Optical Fibers D 2
XINHUA Cites Nakasone Cabinet Economic Problems D 3

SOUTHEAST ASIA & PACIFIC

Cambodian Rebel Commander Views Military Strength E 1

WESTERN EUROPE

Austrian Interior Minister Visits Hebei 18 Jul G 1
    Visits Shandong Province G 1
Cyprus Dailies Subscribe to XINHUA News Service G 1
Turkish Grand Assembly Delegation Visiting PRC G 2
    Ye Fei Hosts Banquet G 2
XINHUA Analyzes Upcoming Turkish Elections G 3
Sino-Turkish Relations Anniversary Celebrated G 4
    Anniversary Marked in Ankara G 4
EC Offers Aid to Typhoon-Stricken Guangdong G 4

WESTERN HEMISPHERE

PRC Agrees To Launch Satellite for Brazil J 1
Panamanian Delegation Begins Beijing Visit J 1
    Feted by Huang Hua J 1
    Talks With Huang Hua J 2
    Delegation Gives Return Banquet J 3
    Meets With Zhao Ziyang J 3
    Talks With Peng Zhen J 4
New Envoys Appointed to Barbados, Nicaragua J 4

PRC NATIONAL AFFAIRS

Central Officials View Shaanxi Cultural Work K 1
Culture Minister Wang Meng Visits Xizang K 1
Vice Minister of Culture on Leadership Work [RENMIN RIBAO 28 Jul] K 1
Literary Critics on Portrayal of Modern Life [RENMIN RIBAO 2 Aug] K 7

Li Peng Opens National Student Games in Dalian K 8
  Li Peng Address K 9
Scholar on History of 'Double Hundred' Policy K 11
Du Runsheng Speaks on Second-Stage Rural Reform [NONGMIN RIBAO 21 Jul] K 12
Discipline Bodies Urged To Support Reformers [RENMIN RIBAO 1 Aug] K 14
'Officials To Train Teachers' Reform Expanded [CHINA DAILY 4 Aug] K 15
LIAOWANG on Population Control, Aging [28 Jul] K 16
GUANGMING RIBAO on Use of Labor as Commodity [19 Jul] K 19
RENMIN RIBAO on Eliminating Feudalism [1 Aug] K 20
LIAOWANG on 'Long Term Coexistence' Concept [28 Jul] K 25
HONGQI Focuses on Political Structural Reform K 28
Trade Unionists Urged To Improve Ideological Work K 29

PRC REGIONAL AFFAIRS

EAST REGION

Anhui Governor Addresses Meeting on Poverty [ANHUI RIBAO 17 Jul] O 1
Chen Guangyi Visits Poor Fujian Counties [FUJIAN RIBAO 24 Jul] O 2
Jiangsu Leaders on Handling People's Letters [XINHUA RIBAO 21 Jul] O 3
Shanghai Mayor Praises Profitable Joint Venture O 4

CENTRAL-SOUTH REGION

Flood Ebbs in Guangxi, Typhoon Kills 22 P 1
  Secretary Discusses Relief Work P 1
Hainan Military Educates on Legal System P 2
Henan Official Sees Defects in Veteran Cadre Work P 2
Hubei's Guan Guangfu at Poltical Work Conference P 3
Changsha Garrison Headquarters Established P 4
Hunan Military Leaders on Militia, Reserve Work P 4

SOUTHWEST REGION

Xizang Congress Standing Committee Holds Meeting Q 1
Xizang Leaders Attend Army Day Forum 31 July Q 1
Xizang Secretary Attends Regional Seminar Q 2
Chengdu, Xizang PLA Leaders Attend Ceremony Q 2
Yunnan Province Border Guards Receive Gifts Q 2

NORTH REGION

Beijing Secretary Addresses Democratic Forum [BEIJING RIBAO 25 Jul] R 1

TAIWAN

No Currency Concessions Seen in Talks With U.S. V 1
    Moderate Adjustment Possible V 1
    Official Discusses Revaluation V 2
New Steps To Deregulate Imports Announced V 3
        [CHINA POST 29 Jul]
Continued Preferential Status With U.S. Sought V 3
Nation's Interests Foremost at Talks With U.S. V 4
    BOFT Head Views Talks V 5
    Tariffs To Be Explained V 5

DAILY REPORT

China

Vol I No 151 6 August 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

Foreign Ministry Spokesman on Gorbachev Speech A 1
  AFP Report A 1
Analysis of U.S. Vice President's Visit to Egypt A 2
Who To Collaborate in Chinese Medicine Research A 3

UNITED STATES

PRC Spokesman Denounces U.S. 'Interference' [AFP] B 1
U.S. Court Decision on Railroad Bonds Viewed [RENMIN RIBAO 30 Jul] B 1
XINHUA Sees Further Weakening of U.S. Dollar B 2

SOVIET UNION

USSR's Talyzin Visits PRC Trade Exhibit 4 Aug C 1
USSR Buys Shanghai Silk After 20-Year Lapse C 1

NORTHEAST ASIA

PRC Leaders Meet With Japan's Nikaido D 1
  Hu Yaobang Discusses Relations [KYODO] D 1
  Meets With Deng Xiaoping D 2
Deng on Soviet Proposal [KYODO]

WESTERN EUROPE

Turkish National Assembly Group Continues Visit G 1
  Talks With Hu Qili G 1
  Meets Peng Zhen G 1
Italian Premier Vows Strengthened Ties With PRC G 2

EASTERN EUROPE

GDR President 'Likely' To Visit in October [AFP] H 1

PRC NATIONAL AFFAIRS

Deng Xiaoping on Separation of Party, Government [JIEFANG RIBAO 1 Aug] K 1
Wan Li Urges No 'Backsliding' in Reforms K 1
Fei Xiaotong Views Political Structural Reform [GUANGMING RIBAO 30 Jul] K 1
Shanghai Paper Discusses Political Reform [SHIJIE JINGJI DAOBAO 21 Jul] K 4
OVERSEAS RENMIN RIBAO on Economic Reform K 9

Mao Zedong Thought Exponent Honored on Stamps K 9
RENMIN RIBAO on Modernization of PLA Navy [28 Jul] K 9
Researcher Studies Nuclear Casualties K 10
Meeting Held on Building Civilized Villages K 10
Tian Jiyun Addresses National Financial Meeting K 12
Peasants Earn More From Rural Industry, Services K 13
Baoshan Iron, Steel Works Completes Trial Period K 13
State Council Ministries Tighten Expenses K 13
New Channel for Cooperation With Foreign Firms K 14
OVERSEAS RENMIN RIBAO on Renewed Tax Breaks K 14
30 Killed by Flooding in Northeast Provinces [CHINA DAILY 6 Aug] K 15
Deng Pufang Visits Jilin Province 5 Aug K 16
Li Peng Meets Advanced Sports Representatives K 16
New Weapons Accelerate Army Modernization K 17
Naval Vessels To Be Named After Rivers, Cities K 17
RENMIN RIBAO on Shanghai Reform Discussion [28 Jul] K 18
Illegal Trading of Grain Coupons Prompts Concern [CHINA DAILY BUSINESS WEEK SUPPLEMENT 30 Jul] K 22
Capital Construction Expands in Disguised Form K 23
Shanghai Port Corrects Unhealthy Tendencies K 25
Official Says 45 Million New Jobs Needed [CHINA DAILY 5 Aug] K 25
Yuan Baohua Explains Factory System in HONGQI K 26
Official Endorses Enterprise Bankruptcy K 27
Huang He Delta Being Turned Into Economic Zone K 28
Water Resources Minister Calls For Saving Water K 29
Beijing Holds Meeting on Spiritual Civilization [BEIJING RIBAO 26 Jul] K 30
Deng Liqun, Others Visit Art Exhibition K 31
State Council Approves Education Via Satellite K 31
Sex Education Office Set Up in Shanghai [RENMIN RIBAO 1 Aug] K 32
First Citywide Eradication of Rats Claimed K 32

PRC REGIONAL AFFAIRS

EAST REGION

Jiangxi Party Official Urges Correcting Style O 1
Li Jiulong Speaks at Shandong Army Meeting O 2
  Meeting Concludes O 2
Qingdao Firms Benefit From Imported Technology O 3

CENTRAL-SOUTH REGION

Shenzhen Uncovers Foreign Exchange Black Market [CHINA DAILY 5 Aug] P 1
Plant Manager System Meeting Opens in Guangdong P 1
Henan Governor Emphasizes Economic Work P 2

SOUTHWEST REGION

Sichuan Military District Improves Party Style Q 1

NORTHEAST REGION

Liaoning Factory Becomes PRC's First Bankruptcy S 1

TAIWAN

Officials Note U.S. Trade Statistics Differences V 1
Commentary on Efforts To Reduce Trade Imbalance V 1
Government Encourages Trade With Japan V 2
FRG's DPA News Agency Opens Taipei Office V 2
Editorial Views PRC-USSR Relations Outlook V 3
[CHINA POST 2 Aug]

HONG KONG MEDIA ON CHINA

Hong Kong Official Rules Out Daya Bay Referendum W 1
[SOUTH CHINA MORNING POST 4 Aug] W 1
Basic Law Group Holds 'Meet the Public' Session W 1
[HONG KONG SUNDAY STANDARD 27 Jul]
Basic Law Group Wants Passport Issue Clarified W 2
[HONGKONG STANDARD 2 Aug]
CPC Attitude Toward Nuclear Plants Viewed W 3
[CHENG MING 1 Aug]
WEN WEI PO on Relations Between Government, People [4 Aug] W 9
All-Round Contract System of Employment Implemented W 10
[MING PAO 29 Jul]
JIEFANGJUN BAO Hits at Poor Armed Forces Management W 11
[MING PAO 2 Aug]
Shift in Taiwan's Reunification Policy Seen W 12
[SOUTH CHINA MORNING POST 5 Aug]

FBIS

DAILY REPORT

CONTENTS

China

Vol 1 No 152 7 August 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

XINHUA Analyzes OPEC Decision To Cut Oil Output A 1
Report on Warsaw Pact Disarmament Proposal [SHIJIE ZHISHI 16 Jul] A 2

SOVIET UNION

USSR's Kapitsa on Border Troop Reduction C 1
PRAVDA Links PRC Trade Fair to Better Ties C 1
Mrs Gorbachev Visits PRC Trade Fair C 2
Arkhipov in PRC 'Undergoing Acupuncture Treatment' [AFP] C 2

NORTHEAST ASIA

PRC, Mongolia To Start High-Level Talks 8 Aug [KYODO] D 1
RENMIN RIBAO on ROK Constitution Revision [1 Aug] D 2
DPRK Provincial Party Delegation Visits Jiangsu D 3
Problems Cited in Investing in Shanghai [KYODO] D 3

WESTERN HEMISPHERE

PRC Denies Brazilian Satellite Launch Agreement [CHINA DAILY 7 Aug] J 1
Panamanian Parliamentarians Continues Visit J 1
    Leave for Guanghow J 1
Colombia Attaches Importance to Ties With PRC J 2
Agriculture Minister Leaves for Canada Visit J 2

PRC NATIONAL AFFAIRS

Leaders Criticize Bureaucratism at Meeting [BAN YUE TAN 25 Jul] K 1
Wan Li Discusses Beijing's Urban Reform K 2
RENMIN RIBAO on Building Civilized Villages [2 Aug] K 4
Leading Officials Guide Work in Grassroots K 5
University Leaders Gain Policymaking Power K 6
GUANGMING RIBAO Views Labor Under Socialism [26 Jul] K 7
National Civil Aviation Meeting Opens in Beijing K 9
    Five Airlines Operating K 10
Aviation Ministry Plans Massive Exports Boost [CHINA DAILY 5 Aug] K 10
'Wenzhou Pattern' Provides Guide for Rural Areas [JINGJI RIBAO 31 Jul] K 11
Wang Bingqian at National Financial Conference K 12
Central Bank To Tighten Loan Issue, Supervision K 14
Tian Jiyun on Current Economic Situation K 15
GUANGMING RIBAO on Enforcing Bankruptcy System [26 Jul] K 17

GUOJI SHANGBAO on Improving Foreign Investment [21 Jul] K 18
Air Force Modernizes Aircraft Maintenance K 20
Yang Dezhi Addresses Camp for Soldiers' Children K 21
All-Army Mass Work Directors' Meeting Ends K 21
CHONGQING RIBAO on History of Rocket Use [21 Jul] K 22
Shaanxi-Hebei Railway Assessed, Planned K 24
Wan Li Attends Urban Reform Meeting in Tianjin K 25
Wan Li Urges Democratization of Policy Making K 25
LIAOWANG Reports on Rural Employment Issue [OVERSEAS EDITION 28 Jul] K 26
Hao Jianxiu Visits Geothermal Power Plant K 28
Hao Jianxiu Ends Visit to Xizang 31 July K 28
GUOJI SHANGBAO on Goals for Export Structure [17 Jul] K 32
Xi Zhongxun, Tian Jiyun View Appliances Exhibit K 33
Kang Shien, Sun Weiben Attend Games Opening K 34
Wan Li Meets Visiting Foreign Soccer Teams K 34

PRC REGIONAL AFFAIRS

EAST REGION

Anhui Secretary Speaks on Rural Reform O 1
Shandong Improves Prospects for Retired Soldiers O 2
Qingdao Economic-Technical Zone Developed O 3
Group to Divert Huang He Course Near Shandong O 4
Shanghai Leaders Attend Army Day Meeting O 5

CENTRAL-SOUTH REGION

Guangzhou Cadres Get People's Vote of Confidence P 1
Haikou Holds Foreign Economic Relations Meeting P 1
Henan To Select Provincial Bureau Directors P 2
Hubei Provincial Departments Support Army Reform P 3
Hubei Secretary Speaks on Ideological Work P 3

SOUTHWEST REGION

Sichuan Makes Arrangements for Spark Plan Q 1
Yunnan Floods Disrupt Roads, Communications Q 1

NORTH REGION

Chen Xitong Speaks at Beijing Analysis Meeting R 1
[BEIJING RIBAO 26 Jul] R 1
Beijing Meeting on Correcting Malpractices R 2
[BEIJING RIBAO 30 Jul]
Nei Monggol Seeks Foreign Economic Cooperation R 2
Nei Monggol Delegation Returns From Austria R 3
Hohhot Writers Comment on Literary Atmosphere R 3
Shaanxi Meeting Urges Struggle Against Economic Crime R 4

NORTHEAST REGION

Heilongjiang Leaders Hear Antiflood Briefings S 1
Heilongjiang Leaders at Daqing Project Ceremony S 1
Heilongjiang Forum on Legal System S 2
Jilin Secretary Inspects Flood Situation 30 Jul S 2
PRC's First Stock Market Opens in Liaoning S 3
Liaoning Province Boosts Exports, Improves Trading S 3
Liaoning Holds Standing Committee Meeting [LIAONING RIBAO 17 Jul] S 4
LIAONING RIBAO Editorial on Economic Problems [17 Jul] S 5
Liaoning Delegation Returns Home From DPRK [LIAONING RIBAO 19 Jul] S 6
Flood Situation in Northeast Region 'Serious' S 6

NORTHWEST REGION

Ningxia Plans Law-Making Program for 5-Year Plan [NINGXIA RIBAO 21 Jul] T 1

DAILY REPORT

CONTENTS

China

Vol I No 153 8 August 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

LIAOWANG on U.S.-Soviet Space Competition A 1

SHIJIE ZHISHI on New Soviet Policy Toward U.S. [16 Jul] A 3

UNITED STATES

U.S. Senate Resolution on Sanctions Viewed [RENMIN RIBAO 5 Aug] B 1

SOVIET UNION

Favorable PRC Response Predicted to USSR Proposal [AFP] C 1

PRC Confirms Arkhipov Undergoing Medical Treatment [AFP] C 2

PRC-USSR Friendship Group Feted in Beijing C 2

NORTHEAST ASIA

PRC Vice Foreign Minister in Mongolia for Talks [AFP] D 1

Nanjing Rally Welcomes DPRK Provincial Group D 1

  Feted at Banquet D 2

SOUTHEAST ASIA & PACIFIC

Sihanouk Says CGDK Proposal Remains Unchanged E 1

Envoy Conveys Zhao Message to Thai Leader E 1

PRC NATIONAL AFFAIRS

(-GO-TO-PAGE-)on Changes in Chinese Army K 1

National Defense Industry Boosts Civilian Products K 1

Militia Work Reformed in Interest of Economy K 3

Party Congress of North China Sea Fleet Opens [DAZHONG RIBAO 25 Jul] K 3

State Council Cancels Out-of-Date Legislation K 4

State Council Upgrades Qufu County to City K 4

Kang Shien Speaks on Foreign Economic Interests K 5

Ni Zhifu Presides at Trade Union Meeting K 5

Quality Control Conference Ends in Guangzhou K 6

Labor Service Companies Aid in Employment K 6

Imports Down, Exports Up in First Six Months K 7

Eastern Secondary, Tertiary Industries Develop K 7

Zhao Ziyang Urges More Foreign Investment K 8

Early Rice Harvest To Exceed Last Year K 9

NONGMIN RIBAO on Perfecting Grain Contracts [25 Jul] K 10
Shanghai Magazine's Mail Criticizes Nudist Ban [KYODO] K 11
Wang Meng Attends Tibetan Festival in Lhasa K 12
Li Peng Visits Bicycle Plant Jiangsu K 12
Briefs: Mongolian Word Processor K 12

PRC REGIONAL AFFAIRS

EAST REGION

Jiangxi Military District Improves Party Style O 1
Shandong Commentary Views Economic Development [DAZHONG RIBAO 26 Jul] O 1
Zhejiang's Wang Fang Attends Militia Meeting [ZHEJIANG RIBAO 29 Jul] O 4

NORTHEAST REGION

Heilongjiang Secretary on Reducing Expenditures S 1
Heilongjiang Deals With Unhealthy Practices S 2
Jilin Rivers, Reservoirs 'In Danger' S 3
Gao Di Inspects Flood-Hit Areas in Jilin S 4
Shenyang Military Region Corrects Irregularities S 5

NORTHWEST REGION

Gansu Leaders Attend Army Day Gathering T 1
Gansu Opens Meeting on PLA Cadre Resettlement T 1
Police Quell Gansu Soccer Violence With Gunfire T 1
Qinghai Forum on Delegating Power to Enterprises T 2
Shaanxi Company Makes Computers With PRC Components T 2
Shaanxi Leaders Discuss Reform Issues T 3
Xinjiang Leaders Attend Army Day Gathering T 3
Xinjiang Leaders Attend Steel Company Ceremony T 4
Xinjiang Satellite Receiving Station Completed T 4

TAIWAN

Taiwan To Allow Basketball Team To Go to USSR V 1
Taipei on U.S. Call for Trade Retaliation V 1
Government Seeks Gradual Rise of NT Dollar V 2
Taiwan Reports on Veto of Jenkins Bill V 3
  Textile Makers Warned V 3
  MOEA Supports U.S. Policy V 3
  Textile Bill Defeat Welcomed V 4
  CEPD Approves of Veto V 4

HONG KONG MEDIA ON CHINA

PRC Acknowledges Previous Nuclear Accidents W 1
Planning for CPC Central Committee Plenum Begins W 1
[SOUTH CHINA MORNING POST 7 Aug]
MING PAO on Removing Incompetent PRC Cadres [3 Aug] W 2
Crackdown on Senior Cadre Children Slows W 3
[SOUTH CHINA MORNING POST 6 Aug]
Gorbachev Proposes Soviet-PRC Summit Twice W 4
[SOUTH CHINA MORNING POST 7 Aug]
PRC-USSR Exchange on Sino-Soviet Relations W 6
[TA KUNG PAO 7 Aug]
TA KUNG PAO Examines Sino-Soviet Relations [7-13 Aug] W 7
Deng Xiaoping Speaks on Structural Reform W 9
[TA KUNG PAO 8 Aug]
WEN WEI PO Views Democratization in PRC [1 Aug] W 10

DAILY REPORT
CONTENTS
China

Vol I No 154 11 August 1986

PRC INTERNATIONAL AFFAIRS

UNITED STATES

RENMIN RIBAO Views U.S. 'Dollar Weapon' [5 Aug] B 1
Reagan's Anti-Drug Campaign Examined [RENMIN RIBAO 7 Aug] B 2

SOVIET UNION

Soviets Propose Nuclear Facility Supply to PRC [KYODO] C 1
Chinese Economic and Trade Fair in Moscow Lauded C 1
  TASS Comments C 1
  IZVESTIYA Reports C 1
  Ryzhkov Visits Exhibits C 2
USSR To Publish Chinese Literary Series C 3
USSR To Conduct Missile Tests in Pacific C 3

NORTHEAST ASIA

Liu Shuqing Reported in Mongolia for Talks D 1
  Consular Treaty Signed D 1
PRC Trade Fair in Tokyo Closes 10 August D 2
Patent Office Signs Agreement With Japan [CHINA DAILY 9 Aug] D 2
Mass Meeting in Nanjing Welcomes DPRK Delegation D 3

SOUTHEAST ASIA & PACIFIC

XINHUA Denies PRC Floating Mines Down SRV Rivers E 1
  Foreign Ministry Dismisses Claim [AFP] E 1
Zhao Ziyang Congratulates Prem on Reappointment E 2
Wan Li Meets Hong Kong, Macao Press Delegations E 2
DK Envoy to PRC Interviewed by RENMIN RIBAO E 2
NPC Vice Chairman Huang Hua Meets Australians E 3

WESTERN EUROPE

NEW CHINA QUARTERLY Urges Increased PRC-EEC Trade G 1
France To Train Daya Bay Technical Personnel G 1
Turkish Friendship Delegation Continues Visit G 2
  Visits Xinjiang G 2
  Feted in Heilongjiang G 2

EASTERN EUROPE

Chen Muhua Meets Hungarian Economic Delegation H 1
Wang Bingqian Meets Czechoslovak Visitors H 1
Wang Zhaoguo Meets Romanian Party Activists H 1

WESTERN HEMISPHERE

PRC Minister Calls for More Imports by Canada [AFP] J 1
PRC Minister at Colombian President's Inaugural J 1
  Delegation Meets President J 2
Panamanian Assembly Delegation Ends Visit J 2

PRC NATIONAL AFFAIRS

Daya Bay Strictly Selects Operating Personnel K 1
Yu Qiuli Proposes 'Eight Prohibitions' for PLA K 1
PLA Institutes New Recruit Training System K 2
PLA-Owned Factories To Exhibit Civilian Goods K 3
JIEFANGJUN BAO Holds Military Management Forum [9 Aug] K 3
RENMIN RIBAO Reports on Ways of Educating People [2 Aug] K 3
Socialist Democracy Develops Along With Reforms [GUANGMING RIBAO 27 Jul] K 4
LIAOWANG Stresses Developing Socialist Democracy K 7
Reform and the 'Disease of Infallibility' [RENMIN RIBAO 1 Aug] K 8
CHINA DAILY Commentator on Political Reform [9 Aug] K 9
JINGJI RIBAO on Plant Director Responsibility [30 Jul] K 10
GUANGMING RIBAO on Dual Character of Labor [26 Jul] K 13
Zhao Ziyang Extols Shantou Special Zone [LIAOWANG OVERSEAS EDITION 4 Aug] K 14
JINGJI RIBAO Advocates Bankruptcy System [2 Aug] K 18
RENMIN RIBAO on Enterprise Decision-Making Powers [8 Aug] K 19
State Council Sets Up Land Administration Bureau K 21
Contract Labor Regulations Slated for this Year K 21
Bonds Issued for Enterprise Development K 21

PRC REGIONAL AFFAIRS

EAST REGION

Anhui Governor Speaks at Harvest Meeting O 1
Fujian Conducts Village-Level Rectification O 1
Shanghai Exchange Bank Supports Joint Ventures O 1
Shanghai's Jiang Zemin on Foreign Investment Use [JIEFANG RIBAO 5 Aug] O 3

CENTRAL-SOUTH REGION

Guangdong Sends Liaison Personnel to Rural Areas P 1
Shenzhen Mayor on Zone's Economic Transition P 1
Henan Cadres Urged Not To Relax Rectification Work [HENAN RIBAO 29 Jul] P 2
Hubei Leader Urges Cracking Down on Economic Crimes P 3
Wuhan Government Warns Enterprises on Bankruptcy P 4
Hubei CPC Secretary Praises New Commercial Form P 4

SOUTHWEST REGION

Sichuan Cadres Going to Grass Roots Hold Meeting Q 1
Xizang's Wu Jinghua Meets Party School Graduates Q 1
Wu Jinghua Meets Workers of Lhasa Hotel Q 2

NORTH REGION

Beijing Advisory Commission Chairman Elected R 1
Shanxi Governor Stresses Economic Reforms R 1

NORTHEAST REGION

Heilongjiang's Sun Weiben Meets Newspaper Editors S 1
Jilin City Suffers From Severe Flood Damage S 1
    Gao Di Inspects Flooding S 2
Liaoning Capital Factory Declares Bankruptcy S 2

NORTHWEST REGION

Lanzhou Military Region Holds Army Day Parade T 1
Lanzhou PLA Uses Simulation Equipment in War Game T 1
Song Hanliang Welcomes Athletes to Xinjiang T 1

TAIWAN

Chiang Ching-kuo Said To Send Note To PRC's Deng V 1
    [KYODO]
Pentagon Announces Plans for Arms Sales to Taiwan V 1
Official Outlines Terms for Hong Kong Resettlement V 1
    [SUNDAY STANDARD 10 Aug]

HONG KONG MEDIA ON CHINA

CPC Central Leaders Meet in Beidaihe Resort W 1
    [WEN WEI PO 8 Aug]
Column Views PRC-Mongolia Treaty, Soviet Troops W 3
    [HSIN WAN PAO 10 Aug]
PRC To Fight Hong Kong Dollar Circulation W 4
    [HONGKONG STANDARD 9 Aug]
Hong Kong Basic Law Committee Schedule Advanced W 5
    [HONGKONG STANDARD 11 Aug]
Beijing Mayor To Head PRC Delegation to Moscow W 6
    [HSIN WAN PAO 11 Aug]

DAILY REPORT

China

Vol I No 155 12 August 1986

Effective 18 August the "Hong Kong Media on China" section of the China Daily Report will be renamed "Hong Kong & Macao." It will contain items on Hong Kong and Macao from all sources. Hong Kong media will, henceforth, be treated like all other sources, i.e., items from Hong Kong media will be published in whatever section they concern.

Daily Report Managing Editor

PRC INTERNATIONAL AFFAIRS

GENERAL

Beijing Radio Comments on U.S.-USSR Relations A 1
International Aviation Symposium Opens in Beijing A 2

UNITED STATES

U.S. To Supply Taiwan New Military Equipment B 1
PRC Denounces U.S. Arms Sales to Taiwan [AFP] B 1

SOVIET UNION

Arkipov Holds Talks With PRC Counterparts [AFP] C 1
USSR's Talyzin To Visit PRC in 'Early September' [KYODO] C 1
USSR's Pitovranov at PRC Trade Fair Closing C 2
PRC Friendship Delegation Visits Soviet Union C 2

NORTHEAST ASIA

Foreign Ministry Comments on Japan Defense Budget [AFP] D 1
Guangdong Begins Sino-Japan Bridge Project D 1
Fang Yi Fetes Visiting Japanese Rice Expert D 1

WESTERN EUROPE

RENMIN RIBAO Commentary on 'Eureka' Program [6 Aug] G 1
PRC To Show Aircraft, Missile Models in Britain G 2

EASTERN EUROPE

BAN YUE TAN on East European Party Congresses [25 Jul] H 1
Developments in East European Socialism Viewed [RENMIN RIBAO 1 Aug] H 3

MIDDLE EAST & AFRICA

Tutu Arrives in Shanghai, Urges Intervention I 1
  Honored at Shanghai Banquet I 1
  Meets Shanghai Mayor I 2
  Warns West on Apartheid I 2
  Meets Catholic Bishops I 3
Chen Muhua Arrives in Tanzania 9 Aug I 3
  Received by President I 4
Chinese Medical Teams in Liberia Praised I 4
XINHUA on South Africa's Growing Isolation I 5
Wan Li Meets Central African Delegation I 6

PRC NATIONAL AFFAIRS

Official on Lesson of Shenyang Bankruptcy Case K 1
LIAOWANG on China's Current Economic Situation [4 Aug] K 2
Center To Coordinate Ties With Foreign Firms [RENMIN RIBAO 6 Aug] K 5
Beijing Insures More Foreign-Financed Projects K 6
RENMIN RIBAO on Rural Economic Situation [9 Aug] K 7
Peasants in Western Zones Narrowing Income Gap K 9
Rural Enterprises Become Export Oriented K 10
Official Urges Halt to Industrial Losses K 10
Retail Price Increases Begin To Slow Down K 11
PRC Achievements in Satellite Research [SICHUAN RIBAO 23 Jul] K 12
Geosynchronous Satellite a Tool For Meteorology K 13
GUANGMING RIBAO on Leader Responsibility System [3 Aug] K 14
Discipline Cases Involve Two Billion Yuan K 17
New Edition of Mao Works To Be Published K 17
World-Standard Microcomputer Developed K 18
JINGJI RIBAO Quotes Minister on Steel Output [7 Aug] K 18

PRC REGIONAL AFFAIRS

EAST REGION

Anhui Meeting on Resettling Military Retirees O 1
Fujian Province Suffers Widespread Drought O 1
Wan Shaofen Visits Jiangxi Rural Work Meeting O 2

CENTRAL-SOUTH REGION

YANGCHENG WANBAO Article Urges Free Speech [2 Aug] P 1
Guangdong Leaders Praise Party Education Exhibit P 2
HENAN RIBAO Views Procurement, Sales Personnel P 2
Hubei Meeting Discusses Summer Grain Output P 3

SOUTHWEST REGION

Nei Ronggui on Sichuan Population Problems Q 1
Sichuan Leaders at Long March Victory Exhibit Q 1
Yunnan To Check on Enterprise Reform Progress Q 2

TAIWAN

BCC Commentary Views USSR Overtures to PRC V 1
Economic Official Remarks on Trade Talks With U.S. V 2
Duty List Abolition Averts U.S. Retaliation V 2

HONG KONG MEDIA ON CHINA

TA KUNG PAO Hails Change in USSR Foreign Policy [12 Aug] W 1

FBIS

DAILY REPORT

CONTENTS

China

Vol 1 No 156 13 August 1986

Effective 18 August the "Hong Kong Media on China" section of the China Daily Report will be renamed "Hong Kong & Macao." It will contain items on Hong Kong and Macao from all sources. Hong Kong media will, henceforth, be treated like all other sources, i.e., items from Hong Kong media will be published in whatever section they concern.

Daily Report Managing Editor

PRC INTERNATIONAL AFFAIRS

GENERAL

Foreign Ministry Spokesman on Gorbachev Remarks A 1
Soviet, U.S. Experts End Moscow Talks 12 Aug A 1
RENMIN RIBAO on U.S. Grain Subsidies to USSR [9 Aug] A 2
USSR Launches Diplomatic Offensive in W. Europe [GUANGMING RIBAO 3 Aug] A 2
Talks With Foreign Petroleum Companies Begin 12 Aug A 4

SOVIET UNION

USSR's Kapitsa To Visit Beijing for Talks in Sep [KYODO] C 1
Gorbachev Meets SRV's Truong Chinh 12 Aug C 1
Kapitsa Comments on Troop Withdrawal, Cambodia C 2
Gorbachev, Mongolia's Batmonh Hold Talks C 3

NORTHEAST ASIA

Hu Yaobang Meets, Wang Zhen Fetes Japan's Sasakawa D 1
Japan's Fuwa Says USSR May Continue Moratorium D 1
XINHUA Describes Tokyo Anti-War Exhibition D 1
RENMIN RIBAO on DPRK Proposal for Renewed Talks [12 Aug] D 2

SOUTHEAST ASIA & PACIFIC

Hong Kong Banks Support Economic Construction E 1
CITIC Subsidiary Inaugurated in Australia E 1
Lange Regrets U.S.-Australian Communique E 1

SOUTH ASIA

RENMIN RIBAO on Conscription in Afghanistan [6 Aug] F 1
Sri Lanka To Build Chinese Medicine Center F 1

MIDDLE EAST & AFRICA

South Africa's Bishop Tutu Arrives in Beijing I 1
Chen Muhua Agrees To Expand Tazara, Leaves Tanzania I 1
Arrives in Zambia I 1

PRC NATIONAL AFFAIRS

Discussion of 'Leadership Stability' Discouraged [WENZHAI BAO 3 Aug] K 1
CHINA DAILY on Scope of Structural Reform [13 Aug] K 1
HONGQI Discusses Political Structural Reform [1 Aug] K 3
GUANGMING RIBAO on Government Functions Forum [28 Jul] K 4
Beijing Affirms Vital Role of United Front Work K 7
LIAOWANG Interviews Culture Minister Wang Meng [OVERSEAS EDITION 4 Aug] K 10
Cao Yu Play 'Champaign' Staged in Shanghai [CHINA DAILY 8 Aug] K 12
Sun Yat-sen Handwritten Works Published K 13
Leaders Attend Lecture on Law and Socialism K 13
Book Fair Held To Entice Foreign Publishers [CHINA DAILY 9 Aug] K 16
Deng Liqun Attends Academic Forum on Philosophy K 17
Experts Urge Information Technology Development K 18
Energy, Chemical Center Planned in Southwest K 19
RENMIN RIBAO Reports Increased Traffic Accidents [9 Aug] K 20
Deng Xiaoping Inscribes for Martyr's Statue K 20

PRC REGIONAL AFFAIRS

EAST REGION

Anhui Marks Anniversary of United Front Policy [ANHUI RIBAO 24 Jul] O 1
Prolonged Drought Affects Fujian's Crops O 1
Shandong Reports Construction of Power Projects [DAZHONG RIBAO 28 Jul] O 2

CENTRAL-SOUTH REGION

Guangxi Holds Advisory Commission Plenum P 1
Guangdong Concludes Plant Management Meeting P 1
Guangxi Meeting on Tobacco, Cigarette Production P 2
Guangdong Cracks Illegal Cigarette Trading Case P 3
Henan Radio Urges Improvements in Economic Work P 3

SOUTHWEST REGION

Bainqen Speaks at Sichuan Rally of Cadres Q 1
Xizang Tibetan Studies Seminar Concludes Q 1
    Wu Jinghua Attends Q 1
    Letter of Proposal Drafted Q 2
    Radio Commentary Q 3

NORTH REGION

Ni Zhifu Speech on Basic Industry Links [JINGJI GUANLI 5 Jun] R 1

NORTHERN REGION

Sun Weiben Inspects Heilongjiang Flood Situation S 1
PLA Commander Inspects Area S 1
Gao Di Attends Jilin Association Inauguration S 1
Gao Dezhan Addresses Jilin Industry Meeting S 2

NORTHERN REGION

Hou Zongbin Views Gansu Cadre System Problems T 1
Gansu Leader Urges Raising Grass, Livestock T 1
Shaanxi Leader Urges Correcting Past Wrongs T 2
Shaanxi Views Rural Ideological, Political Work T 3
Shaanxi Notice on Village-Level Rectification T 4

HONG KONG MEDIA ON CHINA

XINHUA Confirms Anti-Daya Bay Group's Meeting [HONGKONG STANDARD 12 Aug] W 1
Editorial Notes Importance of PRC-MPR Treaty [SOUTH CHINA MORNING POST 12 Aug] W 2
Beijing Newsmen Call for Relaxed Controls [TA KUNG PAO 7 Aug] W 3
Journal Cited on Reform of Political Structure [TA KUNG PAO 7 Aug] W 4
CPC Secretariat Holds Political Reform Meeting [SOUTH CHINA MORNING POST 13 Aug] W 5
CYL Magazine Urges Reform in Policy-Making [MING PAO 12 Aug] W 6
MING PAO on Central Party School's Discussions [MING PAO 12 Aug] W 8
Journal Cited on Limiting Administrative Power [WEN WEI PO 7, 8 Aug] W 9

FBIS DAILY REPORT CONTENTS

China

Vol I No 157 14 August 1986

Effective 18 August the "Hong Kong Media on China" section of the China Daily Report will be renamed "Hong Kong & Macao." It will contain items on Hong Kong and Macao from all sources. Hong Kong media will, henceforth, be treated like all other sources, i.e., items from Hong Kong media will be published in whatever section they concern.

Daily Report Managing Editor

PRC INTERNATIONAL AFFAIRS

GENERAL

Disarmament Requires Sincerity of Superpowers [RENMIN RIBAO 8 Aug] A 1
RENMIN RIBAO on S. African, South Korean Regimes [12 Aug] A 1
JINGJI RIBAO Discusses New Multifiber Agreement [6 Aug] A 2

UNITED STATES

Reagan Optimistic on U.S.-USSR Summit Prospects B 1

NORTHEAST ASIA

DPRK Editorial Decries ROK Leader's Talks Call D 1
DPRK North Pyongan Art Troupe Performs in Liaoning D 1
DPRK Provincial Light Industrial Team Visits Jilin D 1

SOUTHEAST ASIA & PACIFIC

Zhao Greets Malaysia's Mahathir on Reelection E 1
Wu Xueqian Greets Malaysian Counterpart E 1
Gu Mu Meets Singapore Philosophy Institute Group E 1

SOUTH ASIA

Afghan Guerrilla Leader on USSR Withdrawal Offer F 1
India Launches $3-Billion Birth Control Campaign [CHINA DAILY 14 Aug] F 1

EASTERN EUROPE

PRC Discussing Cooperation With Eastern Europe [CHINA DAILY 14 Aug] H 1

MIDDLE EAST & AFRICA

Radio Beijing Reports on Tutu's Visit to PRC I 1

PRC NATIONAL AFFAIRS

- RENMIN RIBAO Urges Correcting Party Style [6 Aug] K 1
- WEN ZHAI BAO Criticizes Term 'Fighting Force' [7 Aug] K 2
- WEN ZHAI BAO Urges End to Life-Long Cadre Tenure [7 Aug] K 3
- Shenhua Company Abuses Sports Sponsorship [RENMIN RIBAO 6 Aug] K 4
  - RENMIN RIBAO Commentator's Article [6 Aug] K 5
- Role Playing Illustrates Rural Development [CHINA DAILY 14 Aug] K 5
- Land Administration Bureau Set Up 1 Aug [RENMIN RIBAO 5 Aug] K 6
- Du Runsheng Issues Agricultural Development Plan [CHINA DAILY 14 Aug] K 7
- National Forums Study Civilized Villages, Towns K 8
  - Forum Opens in Baoding [HEBEI RIBAO 26 Jul] K 8
  - Forum Convenes in Shandong K 9
- Statistics Board Formulates Development Strategy K 9
- Fei Xiaotong Discusses Development of Northwest K 10
- Zhu Houze Encourages Raising of Cultural Level [CHINA DAILY 11 Aug] K 11
- 'Delayed' Book by Wang Ruoshui To Come Out 14 Aug [CHINA DAILY 12 Aug] K 13
- PLA Meeting on Army Schools Convenes in Harbin K 14
- BAN YUE TAN on Strategic Changes Within PLA [25 Jul] K 14
- GUANGMING RIBAO on Labor Force Market [2 Aug] K 16
- Success Reported in Training Cadres Nationwide K 19
- Export Earnings Chart $13.5 Billion in 6 Months K 19
- Economists Urge Better Consumer Product Quality K 20
- Auditing Units Enforce Laws, Recover Funds K 21
- Deng Liqun, Wang Zhaoguo at Earthquake Concert [HEBEI RIBAO 30 Jul] K 21

PRC REGIONAL AFFAIRS

EAST REGION

- Rural Service Network Benefits Jiangsu Peasants O 1
- Jiangxi Vice Governor Speaks on Economic Crime O 1
- Shandong Government Holds Forum on Crop Farming O 3

CENTRAL-SOUTH REGION

- Shantou Special Zone Leading Body Reshuffled P 1
- Henan Warns Against Price Hikes for Cement P 1
- Bankruptcy Warning Saves Hubei Factory P 2
- Hubei Deals With Criminal Cases Involving Grain P 2
- Mao Zhiyong at Hunan Conference of Liaison Men P 3
- Hunan Grain Production Fund To Raise Output P 4

SOUTHWEST REGION

- Sichuan Conference on Industry, Communications Q 1
- Official Urges Developing Education in Xizang Q 1

NORTH REGION

Nei Monggol Holds Economic Inspection Conference R 1
Tianjin Discipline Inspection Conference Ends R 1
[TIANJIN RIBAO 1 Aug]

NORTHEAST REGION

Heilongjiang City Punishes 29 Party Cadres S 1
Liaoning Reports Decline in Individual Economy S 1
[LIAONING RIBAO 3 Aug]
Liaoning Secretary at Emergency Antiflood Meeting S 2
[LIAONING RIBAO 2 Aug]
Liaoning Meeting on Rectifying Party Style S 3
[LIAONING RIBAO 20 Jul]

NORTHWEST REGION

Gansu Radio on Political Role of Retired Cadres T 1
Qinghai Meeting Urges Developing Haixi Region T 1

TAIWAN

Chiang Ching-kuo Letter to Deng Xiaoping Denied V 1
[KYODO]
Foreign Exchange Needs Effective Utilization V 1
MOF To Offer Tax Credits to Foreign Firms V 2
Commentary Favors Outcome of Talks With U.S. V 2
CHINA POST on Trade Negotiations With U.S. V 3
[10 Aug]

HONG KONG MEDIA ON CHINA

New Wang Ruoshui Book on Humanism Published W 1
[HSIN WAN PAO 11 Aug]
'Serious Doubts' Over Taiwan Reunification Offer W 1
[SOUTH CHINA MORNING POST 12 Aug]
Hong Kong Academics Visit PRC Satellite Center W 3
[TA KUNG PAO 11 Aug]
Article Describes Center W 4
[TA KUNG PAO 11 Aug]
ZHONGGUO TONGXUN SHE on U.S. Trade Pressure on Taiwan W 6
Troop Withdrawal From MPR 'First Test' for USSR W 7
[WEN WEI PO 11 Aug]

DAILY REPORT
CONTENTS

China

I. Vol I No 158 15 August 1986

Effective 18 August the "Hong Kong Media on China" section of the China Daily Report will be renamed "Hong Kong & Macao." It will contain items on Hong Kong and Macao from all sources. Hong Kong media will, henceforth, be treated like all other sources, i.e., items from Hong Kong media will be published in whatever section they concern.

Daily Report Managing Editor

PRC INTERNATIONAL AFFAIRS

GENERAL

Commentary on U.S. Wheat Subsidies, Australian Reaction [GUANGMING RIBAO 7 Aug] A 1
PRC Attends UN Conference on Sea Authorities A 2

UNITED STATES

U.S. Member of Chang Jiang Expedition Dies B 1
CAAC, GE Sign Aircraft Engine Purchase Contract B 1

SOVIET UNION

Gorbachev Remarks 'Far From Removing' Blocks to Ties [CHINA DAILY 14 Aug] C 1
USSR Statistical Delegation Ends Week-Long Visit C 1
Xie Jianqun's Moscow Press Conference Reported C 1
USSR Spokesman Cited on Hopes for U.S. Summit C 3

NORTHEAST ASIA

Nakasone Cancels Visit to Yasukuni Shrine D 1
    PRC Welcomes Cancellation [KYODO] D 1
PRC, North Korea Agree To Establish Consulates [KYODO] D 1
Mongolia To Expand Border Railroad Station D 2
Wu Xueqian Meets Japanese Children's Group D 2

SOUTHEAST ASIA & PACIFIC

Wu Xueqian Congratulates Thai Counterpart E 1
RENMIN RIBAO on Vietnam's Economic Difficulties [10 Aug] E 1
CGDK Meeting Proposes Solution to Cambodian Issue E 2

EASTERN EUROPE

Article Reviews East European Party Congresses H 1
Jiangsu Governor Leaves for Bulgaria Visit [XINUA RIBAO 5 Aug] H 2

MIDDLE EAST & AFRICA

Bishop Desmond Tutu Continues Visit to PRC I 1
 Feted by Zhao Puchu I 1
 Addresses Beijing Lecture I 1
 Zhao Ziyang Meets Tutu I 2
Chen Muhua Lays Wreath at Tomb in Tanzania I 4
PRC, Tanzania, Zambia Discuss Tazara Railway I 4
 Upgrade Cooperation I 4
Wu Xueqian Meets Outgoing Algerian Ambassador I 5
Cameroon Delegation Honored in Beijing I 5

PRC NATIONAL AFFAIRS

GUANGMING RIBAO on Enterprise Bankruptcy Law [2 Aug] K 1
RENMIN RIBAO on Controlling Capital Construction [7 Aug] K 3
World Bank Loans Aid Key Construction Projects K 4
Hu Qili, Gu Mu Praise Tianjin's Development K 4
Wan Li Addresses Soft Science Symposium K 5
Trends Show Diversified Use of Foreign Capital [JINGJI GUANLI 5 Jun] K 7
'Good Sign' Assesses in Foreign Trade Balance K 11
Foreign-Owned Joint Ventures Eligible for Loans K 12
LIAOWANG on Modern Equipment of PLA Corps [28 Jul] K 13
PLA Trading Company Hopes to Expand Exports [CHINA DAILY 14 Aug] K 16
Provincial Leaders Write Inscriptions for Album K 17
Fang Yi Meets U.S. Science Talent Winners K 18
Song Jian Addresses Beijing Cybernetics Meeting K 18
Hu Yaobang Meets Hebei Study Session Cadres K 19
Vice Premier Wan Li Views Xinjiang Ropedancing K 19
Qian Zhengying Addresses Power Plant Symposium K 20

PRC REGIONAL AFFAIRS

EAST REGION

Anhui's Wang Yuzhao Addresses Economic Meeting [ANHUI RIBAO 31 Jul] O 1
Anhui Court Officials Meeting Sets Goals O 4
Tianjin Mayor Urges Better Art, Literature O 4

CENTRAL-SOUTH REGION

Shenzen Mayor Views Healthy Development of SEZ P 1
Henan Mining Bureau Rectifies Party Work P 1

SOUTHWEST REGION

Chengdu PLA Implements 'Eight Prohibitions' Q 1
Sichuan Holds Conference on Fighting Drought Q 1
Sichuan Mayor Outlines Development Plans Q 2
Sichuan Commends Advanced in Family Planning Q 2

NORTH REGION

Hebei Self-Employed Take Professional Ethics Class R 1
Li Ligong Discusses Shanxi Militia Reform R 1
[SHANXI RIBAO 28 Jul]

NORTHEAST REGION

Jilin Leaders Hear Briefings on Antiflood Fight S 1
Liaoning Provincial Leaders Inspect Poor Areas S 1
Shenyang Military Region Holds Army Day Meeting S 3
[LIAONING RIBAO 1 Aug]

NORTHWEST REGION

PLA Commander on Army Role in Construction T 1
[RENMIN RIBAO 4 Aug]

PRC MEDIA ON TAIWAN AFFAIRS

LIAOWANG Views Taiwan-U.S. Trade Relations U 1

TAIWAN

Commentary Speculates on Arkhipov's PRC Visit V 1

HONG KONG MEDIA ON CHINA

TA KUNG PAO Stresses Cambodia in PRC-USSR Ties W 1
[14 Aug]

FBIS

DAILY REPORT

CONTENTS

China

I. Vol No 159 18 August 1986

PRC INTERNATIONAL AFFAIRS

UNITED STATES

- CAAC, U.S. Firm To Set Up Pilot Training Center B 1
- Sino-American Jeep Plant To Resume Production B 1
- Sino-American River Expedition Continues B 2
- Fang Yi Meets MIT Professor, Hong Kong Businessman B 3
- Article Profiles U.S. Vice President Bush [ZHONGGUO QINGNIAN BAO 9 Aug] B 3

SOVIET UNION

- Soviet Consulate Staff Arrives in Shanghai [AFP] C 1
- TA KUNG PAO on USSR's Appointment of Logachev [16 Aug] C 1

NORTHEAST ASIA

- Asian Games Participation in Seoul Announced D 1
  - Olympic Official Speaks D 1
  - Press Conference Held D 2
  - Details on Participation Given D 3
- WEN WEI PO Opposes Homage to Yasukuni Shrine [14 Aug] D 3
- Hu Yaobang Meets Japan Friendship Representative D 5
- PRC Seeks Withdrawal of All USSR Troops in MPR [KYODO] D 5
- DPRK Protests ROK Shooting at Demarcation Line D 6
  - Protests to U.S. D 6
- DPRK Urges Resumption of U.S.-ROK-DPRK Talks D 7

SOUTHEAST ASIA & PACIFIC

- Australian Warships Make Shanghai Port Call E 1
- Mokhtar: PRC Flexibility Solution to Cambodia Problem E 1

WESTERN EUROPE

- EC Officials Inspect Typhoon Damage in PRC G 1
  - Provide Grain Aid G 1
- Italian Trade Union Delegation Visits Beijing G 1
- Finnish Social Democratic Party Ends PRC Tour G 2
- Belgian Prince Tours PRC Beginning 3 Aug G 2

WESTERN HEMISPHERE

- RENMIN RIBAO Examines Central America Issue [13 Aug] J 1
- He Kang Meets Canadian Agriculture Minister J 2

PRC NATIONAL AFFAIRS

Forum on Enterprise Civilized Units Concludes K 1
Official on Militia Departments' Reorganization K 1
Yu Qiuli on PLA Discussions of Gains, Losses K 2
Defense Industry Export Fair Opens in Beijing K 3
PLA To Begin Reforming Job Titles This Year K 3
State Council Recommends Technology Upgrading K 4
Price Reform Vital Factor in Economic Growth K 4
Fang Yi, Fujian's Hu Ping Open Fair in Beijing K 5
    Hu Ping on Town Enterprises K 6
Rural Industries Exhibition To Open in Beijing K 7
GUANGMING RIBAO on Replacing Economic Structure [26 Jul] K 7
NONGMIN RIBAO on Masses' Creativity in Reform [17 Jul] K 10
Official Discusses Theft Crack Down Results [CHINA DAILY 16 Aug] K 12
Commentator Refutes People Are Makers of History [GUANGMING RIBAO 30 Jul] K 13
Hu Yaobang Addresses Young Intellectuals K 16
Wan Li Addresses Muslim Celebration 15 Aug K 18
Correction: RENMIN RIBAO on Rural Economic Situation K 19

PRC REGIONAL AFFAIRS

EAST REGION

Chen Guangyi on Special Policies for Fujian O 1
Han Peixin on Jiangsu's Achievements, Tasks [XINHUA RIBAO 9 Aug] O 1
Jiangxi's Wan Shaofen Stresses Public Security O 3
Shandong Vice Governor Views Family Planning Work O 4

CENTRAL-SOUTH REGION

Southern Guangxi Severely Hit by Typhoon P 1
Developing Production Urged To Fight Disasters P 1
Henan Newspapers Face Pressure To Cover Meetings P 2
Henan Plant's Poor Management Causes Thefts P 2
Henan Farm Faces Problem in Surplus Grain Sales P 3
Hunan Radio Discusses Water Transport Problems P 4

SOUTHWEST REGION

Guizhou Regulates Cadres' Selection, Employment Q 1
Guizhou Commentary on Rural Party Rectification Q 2
Sichuan Urges Better Discipline Inspection Work Q 2

NORTH REGION

Beijing Catholic Churches Celebrate Assumption R 1
Hebei, Beijing Establish Joint Economic Zone R 1

NORTHEAST REGION

Sun Weiben Inspects Heilongjiang River Dikes S 1
    Inspects Jiamusi Flooding S 1
Jilin Secretary Attends Antiflood Work Meeting S 2

NORTHWEST REGION

Shaanxi Issues Urgent Call for Fighting Drought T 1
Shaanxi Punishes Cadres Engaging in Malpractice T 1
    Station Commentary T 2
Shaanxi on Perfecting People's Congress System T 3
Shaanxi Meeting Urges Impartiality in Trials T 4
Shaanxi Meeting Stresses Upgrading Enterprises T 4

TAIWAN

Arms Sales Linked With Taiwan Relations Act V 1
Economic Officials on Trade Talks with U.S. V 1
Opposition Rally Challenges KMT Authority [AFP] V 2

HONG KONG & MACAO

Hong Kong Special Region Land Fund Established W 1
$7.80 Hong Kong to U.S. Dollar 'Not Negotiable' W 1
    [SOUTH CHINA MORNING POST 16 Aug]
    Editorial Views Situation W 3
        [SOUTH CHINA MORNING POST 15 Aug]

DAILY REPORT

CONTENTS

China

Vol I No 160 19 August 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

Agreement With World Bank Totals $4.1 Billion [CHINA DAILY 19 Aug] A 1
International Education Meeting Opens in Nanjing A 2

SOVIET UNION

Arkhipov Meets Qiao Shi, Discusses Talyzin Visit [AFP] C 1
Beijing's Chen Xitong Meets Moscow Mayor C 1
Flexibility in Soviet Mideast Policy Viewed C 2
Soviet Friendship Delegation Visits Heilongjiang C 3

NORTHEAST ASIA

Japan Extends Grants for Chinese Projects D 1
Wang Zhen Meets Japanese Trade Adviser D 1
Tianjin Mayor Receives Japanese Delegation [TIANJIN RIBAO 5 Aug] D 1
PLA Commander Departs Beijing for North Korea D 1

SOUTHEAST ASIA & PACIFIC

XINHUA Comments on SRV-LAOS-PRK Communique E 1
RENMIN RIBAO Rebuts Heng Samrin Attack on PRC [17 Aug] E 1
NPC Chairman Peng Zhen Greets Thai Counterpart E 2

EASTERN EUROPE

PRC, GDR To Agree To Reestablish Relations [AFP] H 1

MIDDLE EAST & AFRICA

Chen Muhua Arrives in Zambia for 5-Day Visit I 1
  Meets Zambian President I 1
  Attends Lusaka Banquet I 1
  At Tazara Railway Anniversary I 1
  Leaves Zambia, On to Kenya I 2
RENMIN RIBAO on South Africa's 'New Provocations' [15 Aug] I 3

PRC NATIONAL AFFAIRS

Beijing Responds to Hong Kong Nuclear Protestors [SOUTH CHINA MORNING POST 19 Aug] K 1
Sufficient Radioactive Storage Available [CHINA DAILY 19 Aug] K 2
PLA Navy Units Discuss Soldiers' Obligation K 3
University Reforms Teaching of Political Theory K 3
Democracy, Liberty, Human Rights Not Bourgeois [GONGREN RIBAO 11 Aug] K 5
'Land Use Fees' Arranged on Sliding Scale [HONGKONG STANDARD 18 Aug] K 7
RENMIN RIBAO on Employment, Labor Reform [11 Aug] K 8
Denial of Labor 'Market' Under Socialism Illogical [GUANGMING RIBAO 2 Aug] K 12
Laws Proposed on Recruiting and Dismissing Workers [CHINA DAILY 12 Aug] K 14
Self-Employed Increase 'Hundredfold' Since 1976 K 15
Northeast Development Seminar Opens in Hohhot K 16
Profit-Oriented Bank Slated for Year's End [SOUTH CHINA MORNING POST 18 Aug] K 16
Bank of China Faces Loan Capital Shortage [CHINA DAILY 18 Aug] K 18
LIAOWANG on Prospects of Foreign Exchange [OVERSEAS EDITION 11 Aug] K 19
Wan Li Speech at Soft Science Symposium K 22
Wan Li Visits Kazak Herdsmen in Xinjiang K 33
Wan Li Receives Anti-Earthquake Participants K 33
Central Leadership Moves to Beidahe in Summer [WEN WEI PO 15 Aug] K 34
Gu Mu at Opening of Tianjin Hyatt Hotel K 34
Reception Held in Beijing on Muslim Festival K 35
Antiflood Work in Heilongjiang Province K 36
Fang Yi, Yang Shangban Inspect Aluminum Plant K 36

PRC REGIONAL AFFAIRS

EAST REGION

Wang Zhen, Li Guixian Address Anhui Ceremony O 1
Jinan Military Leaders Call for Serving Society [DAZHONG RIBAO 4 Aug] O 1
Shandong Governor on Building Key Projects O 2
Zhejiang's Wang Fang on Ideological Education [ZHEJIANG RIBAO 6 Aug] O 3

CENTRAL-SOUTH REGION

Guangdong Leaders Attend Afforestation Meeting P 1
People's Bank of China Approves Shekou Bank [HONGKONG STANDARD 19 Aug] P 1
Guangxi Issues Circular on Rational Land Use P 2
Yang Xizong at Henan Lecture on Legal Knowledge P 3
Hunan Leader at Public Security Unit Contest P 3

SOUTHWEST REGION

Sichuan Leaders on Political Structural Reform Q 1
[SICHUAN RIBAO 2 Aug]
Xizang Holds News Briefing on Social Order Q 3
Trade Ministry Work Group Visits Xizang Q 4
Xizang Leaders Attend Sports Meet Opening Q 4
Xizang Holds Party School Preparatory Course Q 5
Yunnan Reports Industrial Progress, Problems Q 5

NORTH REGION

Beijing CPC Plenary Sessions Reported R 1
7th Plenary Session R 1
8th Plenary Session R 1
Xing Chongzhi Visits Hebei Farmer's Village R 2
[HEBEI RIBAO 3 Aug]
Hebei on Consolidating Industrial Building Market R 4

NORTHEAST REGION

Shenyang PLA Commander Inspects Liaoning Flooding S 1
[LIAONING RIBAO 6 Aug]
Quan Shuren Attends Liaoning Antiflood Conference S 1
[LIAONING RIBAO 6 Aug]
Liaoning Reports Losses From Flooding S 2
[LIAONING RIBAO 6 Aug]
Liaoning Military Leaders Inspect Flood Situation S 3
[LIAONING RIBAO 9 Aug]
Development of Dalian Economic Zone Reported S 3
[LIAONING RIBAO 4 Aug]

NORTHWEST REGION

Qinghai Steel Plant Praised in Cadre Reform T 1
Station Commentary T 2

TAIWAN

Constitution Commission Discusses Reunification V 1
Exporters Warned Against U.S. Protectionism V 1
Commentary Hails U.S. Arms Sales to Taiwan V 1

HONG KONG & MACAO

Anti-Daya Bay Activists Leave for Beijing W 1
[SOUTH CHINA MORNING POST 18 Aug]
Hong Kong To Receive Soviet TV by Satellite W 2
[HONGKONG STANDARD 18 Aug]
PRC Official on Hong Kong Rights, Duties W 3
[LIAOWANG OVERSEAS EDITION 18 Aug]

FBIS
DAILY REPORT
CONTENTS
China

Vol I No 161 20 August 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

- Foreign Ministry Spokesman Holds Weekly News Briefing A 1
  - USSR's Talyzin To Visit A 1
  - Views Talyzin, Arkhipov Visits [AFP] A 1
  - Comments on Asian Games A 2
  - On USSR's Nuclear Moratorium A 2
  - On Indochina Ministers' Communique A 3
  - Hungary's Faluvegi To Visit A 3

UNITED STATES

- U.S. Rejects Soviet Proposal on Nuclear Test Ban B 1
- Wang Zhen Meets American Opera Singers B 1
- Shanghai Mayor Meets California Delegation B 1

SOVIET UNION

- No Change in Soviet 'Expansionist Policy' Seen [WEN WEI PO 19 Aug] C 1
- Soviet Magazine's Anti-China Article Cited [WEN WEI PO 18 Aug] C 2
- Sino-Soviet Border Railway Meeting Ends [HEILONGJIANG RIBAO 3 Aug] C 2

NORTHEAST ASIA

- 'Korean-Chinese Side' Protests DMZ Firing D 1
- DPRK Group Criticizes U.S., South Korea D 1
- Korean Red Cross Sends Sympathy Message to Jilin D 2
- Wang Zhen Meets Japanese Governor Nakagawa D 2
- Wang Zhen Meets Japanese Amity Group 19 Aug D 2

SOUTHEAST ASIA & PACIFIC

- RENMIN RIBAO on Indochinese Ministers' Meeting E 1

WESTERN EUROPE

- Agriculture Minister Visits The Netherlands [AFP] G 1
- XINHUA, PIO Sign Journalistic Cooperation Accord G 1
- Hu Yaobang Meets FRG Amity Group President G 1

EASTERN EUROPE

- CSSR Minister Interviewed Before Leaving for PRC H 1
- Gu Xiulian, Bulgarian Vice Premier Sign Accord H 1

PRC NATIONAL AFFAIRS

Senior Engineer Discusses Chinese Nuclear Safety [WEN WEI PO 15 Aug] K 1
Daya Bay To Apply Voluntary IAEA Safeguards K 2
Shanghai Paper Prints Caricatures on Deng, Hu [HONG KONG SUNDAY MORNING POST 17 Aug] K 2
Hu Yaobang on Life of Deceased CPC Leader [RENMIN RIBAO 15 Aug] K 3
RENMIN RIBAO Cherishes Memory of Army Veteran [10 Aug] K 6
PLA Civilian Job Training Improvements Needed K 7
LIAOWANG on National Soft Science Forum [11 Aug] K 8
CHING PAO on Beidaihe, Deng's Reform Plans [10 Aug] K 11
WEN HUI BAO Summarizes Views on Political Reform [8 Aug] K 16
Industrial Production Structure Improved in 1986 K 19
Bank Official on Aid for Joint Ventures K 22
China's Open Policy Achievements Reviewed K 23
Village Enterprises Earn More Foreign Exchange K 24
Chinese Prose Writer Discusses Freedom of Speech K 24
Zhang Zingfu Speaks on Foreign Joint Ventures K 25
Zhao Ziyang Stresses Role of Factory Directors [WEN WEI PO 15 Aug] K 25
Tian Jiyun, Others at Symposium on Deng Zihui K 26

PRC REGIONAL AFFAIRS

EAST REGION

Anhui Rectification Curbs Unhealthy Tendencies O 1
Fuzhou Returns Confiscated Overseas Chinese Homes O 1
Fujian Province Leaders Help Grass-roots Units O 2
Shandong Family Planning Work Conference Concludes O 3

CENTRAL-SOUTH REGION

Guangdong's Lin Ruo Urges Agricultural Development P 1
Guangdong Leaders on Economic Work, Rectification P 1
Hubei Officials Report Success in Labor Reform P 2

SOUTHWEST REGION

Guizhou Secretary at Conference on Key Enterprises Q 1
Guizhou Holds Party Rectification Conference Q 1
Sichuan's Yang Rudai Inspects Drought-Affected Areas Q 2

SOUTHWEST REGION

Sichuan Circular Urges Efforts for Balanced Budget Q 3

Chongqing City Reforms Economic Structure [CHONGQING RIBAO 12 Jul] Q 3

Yunnan's Pu Chaozhu Attends Report Meeting Q 7

Yunnan PLA Units Thanked for Antidisaster Work Q 7

NORTH REGION

Beijing Village-Level Party Rectification To Begin [BEIJING RIBAO 13 Aug] R 1

Beijing Advisory Commission Members Ask To Resign [BEIJING RIBAO 10 Aug] R 1

Beijing Namlists of New Party Commission Members [BEIJING RIBAO 10 Aug] R 2

Hebei Village-Level Party Rectification Meeting [HEBEI RIBAO 31 Jul] R 2

Hebei Deputy Secretary on Discipline Inspection Work R 3

NORTHEAST REGION

Jilin Secretary Thanks Nei Monggol Company S 1

LIAONING RIBAO Details Economic Crime Case [8 Aug] S 1

TAIWAN

BOFT Official Views Trade Talks With U.S. [CHINA POST 14 Aug] V 1

U.S. Protectionism May Imperil Grain Accord V 1

CHINA POST Editorial Hails U.S. Arms Sales [13 Aug] V 2

FBIS DAILY REPORT CONTENTS

China

I. Vol I No 162 21 August 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

RENMIN RIBAO on Soviet-Israeli Consular Talks [19 Aug] A 1

UNITED STATES

Teachers Begin Initiation to American Culture B 1

SOVIET UNION

XINHUA on Gorbachev's Nuclear Test Moratorium Speech C 1
PRC-MPR-USSR Railway Conference Ends 21 Aug C 1
Soviet Parliamentary Delegation Arrives in Beijing [AFP] C 2

NORTHEAST ASIA

PRC To Send 385 Athletes to Games in Seoul D 1
Youth Delegation Leaves for DPRK 20 Aug D 1
    Visits Pyongyang D 1

SOUTHEAST ASIA & PACIFIC

SRV Troop Withdrawal Offer 'Same Old Tricks' E 1
Wan Li to Visit Australia, New Zealand E 2
    Australia Announces Visit E 2
Xu Xin Hosts Banquet for Thai Deputy Army Chief E 2
Australian Warships Leave Shanghai 20 Aug E 2

SOUTH ASIA

Pakistani Foreign Secretary in Beijing for Visit F 1
    Discusses Gorbachev Speech F 1
    Comments on Afghan Issue F 1
PRC Elected to Indo-Pacific Medicine Congress F 2

EASTERN EUROPE

Song Ping Greets Hungary's Lajos Faluvegi H 1
East European Countries Support USSR Moratorium H 1

PRC NATIONAL AFFAIRS

Bankruptcy Warning Saves Hubei Radio Factory [RENMIN RIBAO 13 Aug] K 1
RENMIN RIBAO Commentary [13 Aug] K 2
RENMIN RIBAO on Resisting Feudal Influence [15 Aug] K 3
JINEJI RIBAO Urges Attention to Quality Control [15 Aug] K 7
Excessive Capital Investment Puzzles Planners [CHINA DAILY 21 Aug] K 9
'Healthy Balance' Reported in Industrial Output K 10
Zheng Toubin Forwards 'New Demands' for Xizang K 10
RENMIN RIBAO on Tackling Unhealthy Trade [11 Aug] K 11
23 Economic Coordination Networks Set Up K 12
Hu Urges Young Intellectuals To Teach Socialism K 13
Monument With Hu Yaobang's Inscription Erected K 14
Wuhan, Other Cities To Mark Sun Yat-sen Birthday K 14
Wan Li Inspects Yingjiang Region 12-18 August K 15
Officials at Hebei Tourist Work Conference [HEBEI RIBAO 8 Aug] K 15
Yang Dezhi Cuts Ribbon for Exports Exhibition K 16
Yang Shangkun, Yu Qiuli Visit Exhibition K 17
Zhang Jingfu Meets Taiwan Scholars in Beijing K 17
Official Addresses National Christian Conference K 17
Youth Paper Reviews Red Guard Movement K 18
Meetings Reported as 'Too Many, Too Monotonous' K 19
Sociologists Campaign Against Antiquated Ideas K 20
Think Tanks Play Increasing Role in Policy-making [HSIN WAN PAO 18 Aug] K 21
Students Held for 'Antirevolutionary Offences' [HONGKONG STANDARD 21 Aug] K 23

PRC REGIONAL AFFAIRS

EAST REGION

Anhui Plans ID Card Issuance in 8 Cities O 1
Shandong Opens Two More Ports to Foreign Ships O 1
Shandong Secretary on Developing Town Enterprises O 1
Shanghai Improves Facilities for Foreign Firms O 3
Zhejiang's Wang Fang Advises Liberation of Mind O 4

CENTRAL-SOUTH REGION

Guangdong Leader on Township Enterprise Growth P 1
Shenzhen Leader on Future Development Ideas P 1
Hunan Meeting Discusses Staffing of Organs P 2

SOUTHWEST REGION

Sichuan Experiments With 'Ecological Farming' Q 1
Chongqing Officials Act on Letters From People Q 2
Yunnan Leaders Attend Advisory Commission Meeting Q 3

NORTHEAST REGION

'Biggest Flood Peak' Passes in Harbin 20 Aug S 1
Gao Di Stresses Jilin Ideological, Political Work S 1
Liaoning CPPCC Standing Committee Meeting Ends S 2
[LIAONING RIBAO 8 Aug]

NORTHWEST REGION

Gansu Peasants Urged to Acquire Commodity Concept T 1
Shaanxi Scores Gains in Struggle Against Theft T 1
Hong Kong, Macao CPPCC Members Visit Shaanxi T 1

PRC MEDIA ON TAIWAN AFFAIRS

PRC To Allow Taiwan Contacts With Interpol U 1
Taiwan's Admission to Asian Olympic Body Viewed U 1
Taiwan Buddhists Asked To Attend Anhui Service U 1

TAIWAN

Taiwan Concerned Over U.S. Arms Sales to PRC V 1
Taiwan To Take Flexible Stance in Trade Talks V 1
[CHINA POST 18 Aug]
Official Reports on Trade Talks With U.S. V 2
Textile Industry Urges Reopening of U.S. Talks V 2
Trade Talks With U.S. Viewed as 'Positive' V 3
[CHINA POST 17 Aug]

HONG KONG & MACAO

PRC-Portugal To Hold Macao Talks 9-10 Sep W 1
Further Report W 1
[HONGKONG STANDARD 21 Aug]

FBIS DAILY REPORT
CONTENTS

China

Vol I No 163 22 August 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

PRC Delegate Addresses Disarmament Conference A 1
RENMIN RIBAO on Ixtapa Disarmament Proposal [13 Aug] A 2

SOVIET UNION

HSIN WAN PAO on Sino-Soviet Border Clash Report [22 Aug] C 1
  Soviet Source Confirms Incident [AFP] C 2
XINHUA Reports on Soviet Nuclear Press Conference C 3
Beijing Mayor Chen Xitong Tours Moscow C 4
Soviet Soldier Interviewed on Afghanistan Realities C 4
'Informed Source' Says Kapitsa Will Visit Japan C 5
Wang Renzhong Receives Soviet Planning Delegation C 6
Soviet Ensemble Arrives in PRC 21 Aug C 6

NORTHEAST ASIA

CYL Secretary on Delegation's Visit to DPRK D 1
Gao Di Heads Jilin Delegation to DPRK D 2
Wu Xueqian Meets Visitors From Japan 21 Aug D 2

SOUTH ASIA

Wu Xueqian Meets Pakistani Foreign Secretary F 1
  Wan Li, Pakistani Meet F 1
XINHUA Answers Questions on Sino-Indian Border F 1

WESTERN EUROPE

'Encouraging' Trade Increase With EEC Seen [CHINA DAILY 22 Aug] G 1
CHINA DAILY To Be Received Same Day in Europe G 2
FRG Economic Minister's PRC Tour Previewed G 3
Huang Hua Meets Cypriot Information Delegation G 3
Chen Fawen Meets, Fetes PCI Secretary G 3
SHIJIE ZHISHI on 'Eureka' Program Development [1 Aug] G 4

EASTERN EUROPE

Song Ping, Hungary's Council Vice Chairman Meet H 1
Hungarian Delegation Arrives in Fujian for Visit [FUJIAN RIBAO 13 Aug] H 1

PRC NATIONAL AFFAIRS

Deng Xiaoping Inspects Tianjin Economic Zone K 1
State Council Approves Tianjin Overall Plan K 2
Tianjin Helps Joint Ventures Solve Problems K 4
Trends in Transfer of Production Ownership [RENMIN RIBAO 18 Aug] K 4
Official on Economic Structural Reform [LIAOWANG OVERSEAS EDITION 11 Aug] K 6
Promotion of Profits for Foreign Investors Urged K 10
Localities Urged To Stop Building Outside Plan K 10
Economic Development in Poor Areas Progresses K 11
Nationwide Power Grid Planned by Early 1990's K 12
Amnesty Period Ends; Lawbreakers Surrender K 13
JINGJI RIBAO Reassures Foreign Investors [13 Aug] K 13
Official on Freedom of Religious Belief K 14
Zhao Yang 'Humanitarianism' Article Reassessed K 15
Propaganda Department on Authority, Press K 16
Wan Li's Speech at Minority Sports Games K 17
Wan Li Participates in Minority Sports Gala K 17
Wan Li Meets Athletes to Seoul Asian Games K 18
State Council Congratulates Daqing Complex [RENMIN RIBAO 5 Aug] K 18
Qiao Shi Inspects Flood in Heilongjiang K 19
Earthquake Hits 'Sparsely Populated' Area K 19
PLA To Reform Titles for Technical Personnel [RENMIN RIBAO 18 Aug] K 20
LIAOWANG Commentator Attacks Bureaucratism [4 Aug] K 22
Ruan Chongwu Speaks at Social Security Meeting K 23
Hong Kong Loans for Mainland Investment Increase K 24
Central Bank Official Speaks on Monetary Reform K 24
Economic Coordination Networks Established K 25
Service Enterprises Reassume Important Role K 26
New Training Program for Enterprise Leaders K 27
Fast Growth of Individual Economy in Past Decade K 27
Wan Li Urges Developing Xinjiang's Economy K 28
Painter Li Shuang Returns to Beijing for Visit K 29

PRC REGIONAL AFFAIRS

EAST REGION

Fujian Leaders Pay Visits to Coastal Areas O 1
Jiangxi Meeting Stresses Reform of Labor System O 1
Shanghai Enterprise Reforms Improve Management O 2
Wang Fang at Meeting on Zhejiang Mountain Economy O 3

CENTRAL-SOUTH REGION

Guangdong Issues Notice on Foreign Office Hiring P 1
Guangdong's Foreign Enterprises Granted Loans P 1
Former Shantou Public Security Head Imprisoned P 2
Guangxi Meeting Reviews Personnel Work Issues P 3

SOUTHWEST REGION

Population Control Suceeding in Sichuan Q 1
Chongqing Paper Reviews Industrial Problem [CHONGQING RIBAO 9 Aug] Q 1
Xizang Leaders Hold Forum With State Energy Group Q 3

NORTHEAST REGION

Sun Weiben at Heilongjiang Cooperation Meeting S 1
Gao Di Speaks on Jilin Party Rectification S 1
Article on Prospects for Nei Monggol Energy Base [DONGBEI JINGJI BAO 12 Aug] S 2

NORTHWEST REGION

Shaanxi Leaders Support Plant Manager System T 1

DAILY REPORT
CONTENTS
China

I. Vol No 164 25 August 1986

CONTENTS

PRC INTERNATIONAL AFFAIRS

GENERAL

Vietnam's Aggressive Attitude Denounced [WEN WEI PO 25 Aug] A 1
RENMIN RIBAO Views U.S.-USSR Nuclear Tests Dispute [23 Aug] A 2
Commentary on U.S.-Soviet Chemical Weapons Race [SHIJIE ZHISHI 1 Aug] A 3
'Roundup' on Group of 77 Meeting in Cairo A 6

UNITED STATES

RENMIN RIBAO on New U.S. Policy on South Africa [19 Aug] B 1
Sino-American Jeep Venture Resumes Production B 1

SOVIET UNION

PRC Official Confirms July Border Incident [AFP] C 1
    KYODO Reports Confirmation C 1
    PRC Source Details Incident [AFP] C 2
CPC Official on Relations With CPSU C 2
Yao Yilin Meets Soviet Planning Delegation C 3

NORTHEAST ASIA

Japan's Takeiri To Meet Deng Xiaoping 1 Sep [KYODO] D 1
Tian Jiyun Meets Japanese Group 23 Aug D 1
Li Peng, Wang Zhen Meet Japanese Airline Guests D 1
Zhang Jingfu Meets Japanese Securities Adviser D 2
Geng Biao Receives Burmese Workers Delegation D 2

SOUTHEAST ASIA & PACIFIC

RENMIN RIBAO on Vietnam's Occupation of Cambodia [20 Aug] E 1
Foreword to Vietnam's Hoang Van Hoan's Memoirs E 2

SOUTH ASIA

PRC Accuses India of Military Incursions [AFP] F 1

PRC NATIONAL AFFAIRS

Convicted Kuomintang Spies Include U.S. Citizen K 1
Security Ministry Spokesman on Case K 1
Shanghai Cartoonists on Leaders' Caricatures [JIEFANG RIBAO 16 Aug] K 2
JIEFANG RIBAO on Workers, Caricaturists [18 Aug] K 3
CPC Deputy Propaganda Chief on Press Reforms [RENMIN RIBAO 20 Aug] K 4
Editors Discuss Needed Reforms [RENMIN RIBAO 19 Aug] K 5
Hu Yaobang on Mao, Lin Biao in New Film [TA KUNG PAO 24 Aug] K 6
RENMIN RIBAO on Correcting Party Style [20 Aug] K 7
RENMIN RIBAO Commentator on Open Policy [25 Aug] K 9
Li Jiyun on New Stage of PLA Modernization K 10
Yu Qiuli Addresses PLA Literary Prize Meeting K 11
Yang Shangkun, Others Visit PLA Trade Fair K 12
Fair Closes 23 Aug K 12
LIAOWANG on China's Development Strategy [11 Aug] K 13
Wan Li Inspects Improvements During Ningxia Tour K 14
Wan Li Lauds Shandong Oceanography College Work K 16
Wan Li, Yang Dezhi Watch Children's Performance K 16
Qia Shi, Others Inspect Northeast Flooding K 16
Chen Pixian, Others Visit Fujian Exhibition K 17
Xi Zhongxun, Zhao Puchu Meet Christian Deputies K 17
Christian Conference Ends 23 Aug K 18
Correction to Development of Socialist Democracy Develops Along With Reforms K 18

PRC REGIONAL AFFAIRS

EAST REGION

Anhui's Wang Yuzhao Discusses Journalism Reform O 1
Fujian Formally Joins Shanghai Economic Zone O 1
Fujian Thieves, Others Surrender During Campaign O 2
Shandong Opens 2 More Ports to Foreign Trade O 2

CENTRAL-SOUTH REGION

Guangdong Meeting on Township Enterprises Ends P 1
Guangzhou Withstands Western Influence 'Waves' P 1
Workers Buy Shares in Guangzhou Enterprises P 2
Hubei Holds Conference on Fighting Drought P 3

SOUTHWEST REGION

Hu Jintao Attends Guizhou Sports Meeting Q 1
Sichuan Scholars, Experts Discuss Economic Issues Q 1
Yunnan Makes Arrangements for Army Cadres Q 2

NORTHEAST REGION

Northeast China Promotes Lateral Economic Ties S 1
Liaoning Meeting on Political System Reform S 1
Liaoning Secretary Inspects Flood Situation [LIAONING RIBAO 12 Aug] S 2

NORTHWEST REGION

Xinjiang Holds Discipline Inspection Work Forum T 1

HONG KONG & MACAO

Returning Delegation 'Disappointed' on Daya Bay [HONGKONG STANDARD 22 Aug] W 1
ZHONGGUO XINWEN SHE Views Legco Members Survey W 2
Basic Law Body Businessmen Propose 'Blueprint' [SOUTH CHINA MORNING POST 22 Aug] W 3
Direct Elections 'Almost Certain' After 1997 [HONGKONG STANDARD 23 Aug] W 5

FBIS

DAILY REPORT

CONTENTS

China

Vol I No 165 26 August 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

'Sources' Say PRC Likely To Join New GATT Round [KYODO] A 1
Beijing International Cosmology Symposium Opens A 1
PRC Expects To Increase Coal Exports to Europe [CHINA DAILY 26 Aug] A 2
PRC Issues Bonds in Japan, FRG, Hong Kong A 3
Zhao Ziyang Message to UN Commemorates Namibia Day A 3

SOVIET UNION

Kapitsa's Remarks on Cambodia Show No Change C 1
    'Commentary' Views Stand C 2
Rogachev To Head USSR Team in Next Talks With PRC [KYODO] C 2
USSR's Arkipov Leaves Beijing for Home C 3
TRUD on PRC-USSR Relations, Today's PRC C 3

NORTHEAST ASIA

Kim Il-song Meets Beijing Units Commander D 1
Kim Il-song Receives PRC Youth Delegation D 1
Meeting With Japan on Economic Knowledge Opens D 1

SOUTHEAST ASIA & PACIFIC

Australian Education Delegation Meets Hao Jianxiu E 1
    Meets Li Peng E 1

WESTERN EUROPE

He Kang Signs Plant Agreement With Netherlands G 1
    Lubbers Meets He Kang G 1
PRC Launches Ship Built for Norwegian Company G 2
Xizang Leaders Meet Belgium's Prince Philip G 2
Xi Zhongxun Meets, Fetes Italian CP Official G 3
Xi Zhongxun Meets French CP Delegation 23 Aug G 3

EASTERN EUROPE

GDR's Honecker To Visit PRC in October, Meet Hu H 1
Li Peng Meets GDR Coal Minister 21 Aug H 1
Hungary's Council Vice Chairman Continues Visit H 2
    Feted by Yao Yilin H 2
    Met by Song Jian H 2
    Talks With Song Ping H 2
    Meets Zhao Ziyang H 3

- Romanian Parliamentarians Feted at 25 Aug Banquet H 3
- Romanian National Day Celebrated in Beijing H 4
  - Envoy Gives Reception H 4
  - Film Premiere Hosted H 4
  - Amity Group Celebrates H 5
- Jiangsu Delegation Returns From Bulgarian Visit H 5

MIDDLE EAST & AFRICA

- CPC CC Department Head Fetes Mozambican Official I 1
- Ambassador Meets With 'Arafat in Bucharest I 1
- Kenyan Newspaper Hails PRC-Built Railway I 1
- PRC, Tanzania To 'Rehabilitate' Joint Projects I 2
- Delegation From Cameroon Continues Visit I 2
  - Meets Xi Zhongxun I 2
  - Visits Deng Yingchao I 3
  - Meets Guangxi Leaders I 3
- Guinea Agricultural Delegation Visits Beijing I 3

WESTERN HEMISPHERE

- Wu Xueqian Receives Canadian Parliamentarians J 1
- Canadair Delivers Executive Aircraft to PRC J 1
- Nicaragua's Ortega To Visit Africa, PRC J 1
- First Nicaraguan Ambassador Presents Credentials J 1

PRC NATIONAL AFFAIRS

- Partiality of Daya Bay Officials Questioned [SOUTH CHINA MORNING POST 25 Aug] K 1
- Daya Bay Contracts To Be Signed in Sep [SOUTH CHINA MORNING POST 25 Aug] K 1
- Veteran Red Army Soldiers Meet in Beijing 25 Aug K 3
- PLA Upgrades Institutions of Higher Learning K 3
- Institutions Tighten Joint Venture Loans [SOUTH CHINA MORNING POST 22 Aug] K 4
- Paper Calls for Learning From Joint Ventures [GUOJI SHANGBAO 11 Aug] K 5
- Sanxia Zone Economic Development Office Opens K 6
- Funds for Bankrupt Shenyang Factory Workers K 6
- Shenyang, Three Ministries Form Network [LIAONING RIBAO 11 Aug] K 7
- Foreign Contracts, Labor Cooperation Encouraged [JINGJI RIBAO 16 Aug] K 7
- WEN WEI PO on New Labor System in China [15 Aug] K 8
- Chen Muhua Notes Shortfalls of Banking Personnel K 10
- Shenzhen District Retrains Laid-off Workers K 11
- National Trade Seminar Opens in Harbin K 12
  - Sun Weiben Cuts Ribbon K 12
- Planned Commodity Economy 'Breakthrough' [RENMIN RIBAO 11 Aug] K 13
- Construction Review To Control Investments K 17
- LIAOWANG on Changes in Income of Peasants [11 Aug] K 18
- Forum on Reform of Forestry Enterprises Opens K 19
- Electronics Managers 'Fed Up With Their Jobs' [CHINA DAILY 26 Aug] K 21

Tariffs Increase on Electronic Instruments K 23
Products of Township Enterprises Draw Praise K 23
Yen Loans To Finance Equipment Through Bids K 24
Economic Reform, Political Freedom Related [GONGREN RIBAO 15 Aug] K 25
Political Structure Reform, Legal System Linked [ZHONGGUO FAZHI BAO 11 Aug] K 27
BEIJING REVIEW Encourages Political Reform [18 Aug] K 29
Deng Pufang Attends Welfare Fund Meeting [LIAONING RIBAO 12 Aug] K 30
State Investigation Group Concludes Lhasa Visit K 31
Chen Muhua Addresses National Finance Conference K 31
Li Desheng Attends Management Bookstore Opening K 31
RENMIN RIBAO on Study on Food Needs by Year 2000 [19 Aug] K 32
Rural Reform Invigorates Domestic Market K 32
China's Economic Reform Boosts Peasant's Income K 33
Minority Language National Conference Concludes K 34

PRC REGIONAL AFFAIRS

EAST REGION

Fujian Document on Village Party Rectification [FUJIAN RIBAO 11 Aug] O 1
Fujian's Chen Guangyi Investigates, Studies O 2
Fujian's Hu Ping Supports Scientific Reform [FUJIAN RIBAO 14 Aug] O 3
Shandong Forum Held on County-Level Reform O 4
Shandong Secretary at Militia Training Demonstration O 5
Shandong Governor on Financial, Tax Work O 6
Shandong Meeting on People's Letters, Visits Ends O 7
Liang Buting at Shandong Fishing Contest O 7

CENTRAL-SOUTH REGION

Shekou Growth Shifts Due to Falling Oil Prices [HONGKONG STANDARD 20 Aug] P 1
Guangdong Outlines Broadcasting Development Plans P 2
Guangdong Customs Solves 2,500 Smuggling Cases P 2
Hainan Family Planning Successes, Problems Viewed P 2
Henan Meeting Discusses Township Enterprises P 3
Henan Meeting Views Rural Work Problems P 4
Hunan Reports Increased Losses in Industry P 4

SOUTHWEST REGION

Guizhou Leaders on Solutions to Power Shortages Q 1
Yunnan Province Peak Birth Period Reported Q 1

NORTH REGION

Hebei Discipline Inspection Meeting Concludes [HEBEI RIBAO 21 Aug] R 1
Hebei Seminar on Developing Tangshan, Qinhuangdao [HEBEI RIBAO 12 Aug] R 1
Minister of Public Health Inspects Nei Monggol R 2

NORTHWEST REGION

Gansu Meeting Hears Budget Performance Report T 1

Ningxia Holds Meeting of General Office Directors T 1
[NINGXIA RIBAO 9 Aug]

HONG KONG & MACAO

Talks To Be Held on Hong Kong Garrison Future W 1
[SUNDAY MORNING POST 24 Aug]

Bank of China To Issue Notes After 1997 W 3
[HONGKONG STANDARD 23 Aug]

Basic Law Group Debates Fate of Expatriate Judges W 4
[HONGKONG STANDARD 25 Aug]

Survey Shows Economic Confidence, Political Doubt W 5
[SOUTH CHINA MORNING POST 25 Aug]

FBIS DAILY REPORT CONTENTS

China

Vol I No 166 27 August 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

Foreign Ministry Holds Weekly News Briefing A 1
  Announces Honecker Visit A 1
  Nicaragua's Ortega To Visit A 1
  Sihanouk-Led Delegation Invited A 1
  CSSR Vice Premier To Visit A 1
  Tanzanian Official Expected A 2
XINHUA on Chernobyl's Influence on Energy Policy A 2
Zhao Meets Outgoing Nepalese, Algerian Envoys A 4
Correction to Commentary on U.S.-USSR CBW Race A 4

SOVIET UNION

Wu Xueqian Seeks Meeting With Shevardnadze in NY C 1
Beijing Delegation to USSR Ends Leningrad Stay C 1
Soviet Planning Delegation Feted in Shanghai C 1

SOUTHEAST ASIA & PACIFIC

Commentary Views SRV, PRC Proposals on Cambodia E 1
Journal Views New Political Power in Philippines [GUOJI WENTI YANJIU 13 Jul] E 2
Chen Muhua Meets New Zealand Banking Officials E 8

PRC NATIONAL AFFAIRS

Nuclear Specialist on Safety of Nuclear Energy K 1
National Defense University To Open in Sep [CHINA DAILY 27 Aug] K 1
GUANGMING RIBAO on Labor Resources Debate [16 Aug] K 3
GONGREN RIBAO on Labor Contract System [11 Aug] K 6
GUANGMING RIBAO on Labor's 'Status' System [16 Aug] K 8
Imported Electric Power Plant Slated for Shanghai K 9
Northeast Provinces Cooperate in Economics K 10
RENMIN RIBAO on Exterminating 'Three Evils' [19 Aug] K 10
Central Bank Recommends Capital Market K 11
City Leaders Set Example in Enforcing Law [RENMIN RIBAO 17 Aug] K 12
RENMIN RIBAO on Spreading Legal Knowledge [18 Aug] K 13
Deng Liqun Attends Law Commendation Meeting K 14
Yu Qiuli, Yang Dezhi Attend Art Exhibition K 15
Hu Qili Inspects Gansu, Ningxia 19-26 Aug K 15

PRC REGIONAL AFFAIRS

EAST REGION

Fujian, Hitachi Work To Save TV Venture [SOUTH CHINA MORNING POST 26 Aug] O 1
Jiangxi's Wan Shaofen Addresses Lecturers Groups O 3
Wan Shaofen Meets Jiangxi Reporting Group O 4

CENTRAL-SOUTH REGION

Guangdong Revives Defunct Newspapers, Journals [SOUTH CHINA MORNING POST 26 Aug] P 1
Guangdong Authorities Note Pollution Control P 2
Guangdong Private Stock Sold in State Enterprises P 2
Henan Redresses County CPC Committee Mistake [RENMIN RIBAO 17 Aug] P 3
Henan Leader Praises Peasants' Enterprise P 3

NORTH REGION

Hebei Discipline Inspection Secretary Speaks [HEBEI RIBAO 12 Aug] R 1

NORTHWEST REGION

Gansu Meeting Discusses Political Reform Projects T 1
'Strong' Earthquake Felt on Gansu-Qinghai Border T 1
Qinghai Meeting Examines Discipline Work T 2
    Commentary Notes 'Erroneous' Views T 2
Shaanxi CPC Committee Meeting Outlines Tasks T 3
Xinjiang Secretary on Ending Melon Sales Problem T 4

TAIWAN

Taiwan To Sign Corn Purchase Agreement With U.S. V 1
MOEA To Lift Auto Export Ratio Requirements V 1
Talks With U.S. on Tobacco Imports Hit Snag V 1

FBIS
DAILY REPORT
CONTENTS

China

Vol I No 167 28 August 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

- Radiation Symposium Opens in Beijing A 1
- XINHUA Reviews Aims of Nonaligned Movement A 1

NORTHEAST ASIA

- PRC Vice Minister Criticizes Japanese Group [KYODO] D 1
- Gu Mu Hosts Banquet To Honor Japanese Scholars D 1

SOUTHEAST ASIA & PACIFIC

- XINHUA on Hong Kong Economic Growth Report E 1
- CPC Group Leaves for New Zealand, Australia E 1

WESTERN EUROPE

- Zhao Ziyang Meets Belgium's Prince Philippe G 1
  - Wu Xueqian Hosts Banquet G 1

EASTERN EUROPE

- XINHUA Notes ADN Item on Honecker Visit H 1
- Wu Xueqian Meets Polish Vice Foreign Minister H 1
- Peng Zhen Meets, Fetes Romanian Parliamentarians H 1
- RENMIN RIBAO on Hungary's Political Restructuring [22 Aug] H 2

MIDDLE EAST & AFRICA

- RENMIN RIBAO Condemns South African Authorities [23 Aug] I 1
- Iranian Oil Minister Arrives in Beijing I 1
- Zhao Ziyang Receives Lesotho Ambassador I 1

PRC NATIONAL AFFAIRS

- NPC Standing Committee Opens 17th Session K 1
  - Peng Zhen Presides K 1
  - Discussion on Diplomatic Privilege K 2
  - Bankruptcy Legislation Amended [AFP] K 3
  - New Border Quarantine Law K 4
  - New Postal Service Law K 4
- Geologist Asserts Safety of Daya Bay Site K 5
- Nuclear Industry Minister Affirms Daya Bay Site [SOUTH CHINA MORNING POST 27 Aug] K 6
- PLA Air Force Units View Soldiers' Gains, Losses K 7
- RENMIN RIBAO on Ideological Culture Questions [11 Aug] K 8
- LIAOWANG Encourages Creative Research [28 Jul] K 14

Role of Open Press in Structural Reform [NANFANG RIBAO 19 Aug] K 16
Hu Yaobang Caricaturist Discusses Work, Reaction K 21
Caricature of Leaders 'Really a Step Forward' K 22
Poll Shows Majority of People Favor Reform K 23
RENMIN RIBAO Commentator on Enterprise Bankruptcy [28 Aug] K 24
Foreign Exchange Certificates To Stop in Oct [WEN WEI PO 27 Aug] K 25
Hu Qili Praises Changes in Gansu, Ningxia K 26
Leaders Attend Forum Marking Long March K 28
Tian Jiyun Opens Export Products Exhibition K 30
Savings Deposits Up 12 Times Over 1976 Figure K 30
RENMIN RIBAO Supports Corporation System [18 Aug] K 31
CPC Officials Try to Block Artists' Exhibition K 35
All Railroads Damaged by Floods Reopened K 37
Li Peng Calls for Reform of Collegiate Games K 37
Culture Minister Concludes Xizang Tour K 38
Wan Li, Xinjiang Leaders Watch Horse Races K 38
RENMIN RIBAO Supports Short, Good Documents [21 Aug] K 39
Peasants Help Improve Rural Roads, Bridges K 39
XINHUA on Increase in Foreign Visitors to PRC K 40

PRC REGIONAL AFFAIRS

EAST REGION

Shandong Expands Foreign Economic Relations, Trade O 1
Liang Buting Speaks to Shandong Supply Directors [DAZHONG RIBAO 8 Aug] O 1
Nongovernmental Banking Enterprise in Shanghai O 2

CENTRAL-SOUTH REGION

Shenzhen Seizes Counterfeit Hong Kong Notes P 1
Shenzhen Plans Increase in Electronics Exports [SOUTH CHINA MORNING POST 27 Aug] P 1
Guangxi Receives State Council Disaster Relief P 2

SOUTHWEST REGION

Guizhou Gets $30 Million in Trade Fair Orders [SOUTH CHINA MORNING POST 27 Aug] Q 1
Yunnan Holds Meeting on Control of Films, Tapes Q 2

NORTHEAST REGION

RENMIN RIBAO Hails Dalian Port's Efficiency [14 Aug] S 1
Heilongjiang Secretary Speaks on Lateral Ties S 2

HONG KONG & MACAO

HONG KONG

Expatriates Allowed To Run for Office After 1997 [SOUTH CHINA MORNING POST 26 Aug] W 1
Sub-group Mulls Decision on Future Chief Executive W 1

FBIS DAILY REPORT CONTENTS

China

Vol I No 168 29 August 1986

For reportage on the Eighth Nonaligned Summit in Harare, Zimbabwe scheduled to begin on September 1, including the arrival of officials, pre-summit meetings, and the foreign ministers' 2-day meeting, see the Nonaligned Summit section of the 18 August Middle East & Africa DAILY REPORT and subsequent issues.

PRC INTERNATIONAL AFFAIRS

GENERAL

PRC Expels 'Children of God' Members A 1
Seminar Views Expansion of Trade With PRC [KYODO] A 1

UNITED STATES

RENMIN RIBAO on U.S. 'Punishment' of Libya [29 Aug] B 1
Beijing-U.S. Joint Production Venture Established [BEIJING RIBAO 17 Aug] B 1

SOVIET UNION

Heilongjiang To Boost Trade With Soviet Union C 1
Moscow Meeting Marks China's North Expedition C 1

SOUTHEAST ASIA & PACIFIC

Hao Jianxiu Delegation Arrives in Wellington E 1
Yao Yilin Meets Australian Businessman, Party E 1
Sino-Australian Education Memorandum Signed E 1

SOUTH ASIA

Iranian Minister Denies Chinese Arms Sales [AFP] F 1
    XINHUA Reports Denial F 2
    Minister Meets Wan Li F 2
India Seeks 'To Cause Trouble' on PRC Border [WEN WEI PO 28 Aug] F 3
Cultural Agreement Signed With Bangladesh F 4

WESTERN EUROPE

PRC, Asian Industry Symposium Opens in Finland G 1
Mu Qing Meets Visitors From Cyprus 28 Aug G 1

EASTERN EUROPE

'Unusual Significance' of Honecker Visit to PRC [TA KUNG PAO 29 Aug] H 1
Zhao Ziyang Meets Romanian Assembly Delegation H 2

Hungary's Faluvegi Visits Guangdong Province H 3
Li Peng Meets CSSR Metallurgy Minister 28 Aug H 3
Wu Xueqian Receives East German TV Crew H 3

MIDDLE EAST & AFRICA

Li Xiannian Sends Message to Cameroon President I 1
PRC Red Cross Donates $10,000 to Cameroon I 1
Chen Muhua Meets Guinean Agricultural Delegation I 1

WESTERN HEMISPHERE

NPC Delegation Leaves for Uruguay, Panama, Cuba J 1
Mexican Minister Receives PRC Women's Group J 1

PRC NATIONAL AFFAIRS

Nuclear Administration Explains Safety Measures K 1
Nuclear Power Training Center To Begin K 2
Hangzhou Radio Editor Comments on Taiwan Spy Case K 2
PLA Meeting on Regularization of Army School [HEILONGJIANG RIBAO 13 Aug] K 3
CHINA DAILY on Lessons of Cultural Revolution [29 Aug] K 3
LIAOWANG on Regularization of Party School [OVERSEAS EDITION 18 Aug] K 5
Deng Liqun on Educating 'Useful People' K 7
Company Delegates Power to Affiliates [RENMIN RIBAO 23 Aug] K 8
RENMIN RIBAO Urges Lower Levels Retain Power [23 Aug] K 9
Paper on Capitalist, Socialist Unemployment [GONGREN RIBAO 18 Aug] K 10
Concern Builds Over Growing Capital Construction K 12
Assets of Bankrupt Enterprise To Be Auctioned K 13
Chen Muhua on Improving Financial System [RENMIN RIBAO 24 Aug] K 14
RENMIN RIBAO on Ending Unhealthy Trade Trends [14 Aug] K 15
RENMIN RIBAO on Technology Trade Barriers [23 Aug] K 16
Bank of China To Revise Rules on Loans K 19
Jiatong University Urges Admission Process Reform K 20

PRC REGIONAL AFFAIRS

EAST REGION

Fujian Sows Autumn Grain Crops; Drought Over O 1
Typhoon Vera Hits Shanghai; Seven Killed O 1

CENTRAL-SOUTH REGION

Guangdong Governor on Development Prospects P 1
Guangxi Secretary at Rural Rectification Meeting P 1
Nanyang Curbs False Charges Against Reformers P 2
Hubei Expenditures Exceed Revenues Jan-Jul P 3
Hunan Meeting Reviews Ideological Work Problems P 3

SOUTHWEST REGION

Sichuan Leader Urges Efforts To Balance Budget Q 1
Xizang Military District Stresses Legal Knowledge Q 1
Yunnan Meeting on Armed Forces, Army Recruitment Q 2

NORTH REGION

Beijing Labor Official on City Unemployment R 1
First Tianjin Units Complete Party Rectification [TIANJIN RIBAO 14 Aug] R 1

NORTHEAST REGION

Jilin Prepares for Village-Level Rectification [JILIN RIBAO 16 Aug] S 1
Liaoning Province To Renovate Enterprises S 1

TAIWAN

Government Urged Not To Give In to U.S. Pressure V 1
Commentary Views PRC-USSR Border Incident V 1

FBIS DAILY REPORT
CONTENTS

China

Vol I No 148 1 August 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

Possibility of Holding U.S.-USSR Summit Viewed [LIAOWANG OVERSEAS EDITION 28 Jul] A 1
PRC Plans World Shipping Register Network A 2
Huang Hua Fetes Esperanto Congress Leaders A 2

UNITED STATES

PRC Urges U.S. To Respect Hague Ruling on Nicaragua B 1
U.S. Court Rules in Favor of PRC in Bond Case B 1
LIAOWANG on U.S. Arms Sales to Taiwan [OVERSEAS EDITION 28 Jul] B 2

SOVIET UNION

USSR's Talyzin Reported To Visit PRC in 'Autumn' [KYODO] C 1

NORTHEAST ASIA

DPRK Provincial Party Delegation in Liaoning [LIAONING RIBAO 18 Jul] D 1
DPRK Economic Delegation Leaves for Home [LIAONING RIBAO 18 Jul] D 1

MIDDLE EAST & AFRICA

Solution to Mideast 'Quagmire' Remains Elusive I 1

LATIN AMERICA

Cubans Perform in PRC for First Time in 20 Years [CHINA DAILY 1 Aug] J 1
Communications Minister Leaves for Colombia J 1

PRC NATIONAL AFFAIRS

Minister Notes Safety of Nuclear Power Stations K 1
State Council Appoints, Removes Officials K 1
Defense Ministry Marks PLA Founding Anniversary K 2
Visit to Shijiazhuang Army School Reported K 3
Yu Qiuli Cuts Ribbon for PLA Heroes Exhibition K 5

Air Force Notes Benefits of High Technology [CHINA DAILY 1 Aug] K 5
Bainqen Erdini To Inspect Sichuan Tibetan Areas K 7
Gu Mu Talks Tourism Development in Hubei K 7
NONGMIN RIBAO on Cooperative Economy Development [19 Jul] K 8
Five Cities Experimenting in Funds Market K 9
Government's Role in Lateral Associations Viewed [RENMIN RIBAO 21 Jul] K 10
Industry Remittances to State Expected To Drop K 14
Commentary Urges Peasants To Invest in Land [NONGMIN RIBAO 22 Jul] K 15
Establishing Lateral Economic Ties Urged [JINGJI GUANLI 5 May] K 17
RENMIN RIBAO on Machine-Building Industry [23 Jul] K 22
Rabbit Pelt Production Continued During Price Fall [RENMIN RIBAO 28 Jul] K 23
    Commentator's Article [RENMIN RIBAO 28 Jul] K 24
New Sanxia Project Feasability Study Ordered [RENMIN RIBAO OVERSEAS EDITION 30 Jul] K 25
Wan Li Marks Resurgence of Hebei Earthquake City K 26
    Receives Young Pioneers K 27
Provincial Bodies Adopt Reform Regulations K 28
Township Enterprise Products Enter Export Market K 28
Armed Forces Support Reform, Open-Door Policy K 29
Navy Launches 'Gains Versus Losses' Discussions K 30
Ministry Lists Nearly 2000 Groups for PLA Retirees K 31
Yang Dezhi Views PLA Amateur Music Performance K 32
XINHUA Describes Air Units' Improved Training K 32
Beijing Get-Together Marks PLA Anniversary K 32
Yu Qiuli, Zhang Aiping Visit PLA Photo Exhibit K 33
PRC To Issue 70 Million ID Cards in 1986 K 33
Vice Minister on Task for Balanced Budget K 34
RENMIN RIBAO Carries HONGQI Table of Contents [31 Jul] K 35

PRC REGIONAL AFFAIRS

EAST REGION

Anhui Governor Addresses Retired Army Cadres O 1
Fujian Secretary Attends Military Meeting [FUJIAN RIBAO 23 Jul] O 1
Jiangsu Marks PLA Founding Anniversary O 2
Jiangxi Issues Draft Registration Circular O 3
Jinan PLA Participates in Economic Construction O 4
Shandong PLA Commander at PLA Founding Reception O 4
Rui Xingwen Visits Shanghai Armed Police O 5

CENTRAL-SOUTH REGION

Guan Guangfu at Ideological, Political Conference P 1
Mao Zhiyong at Forum To Mark PLA Anniversary P 2
Hunan Benefits From Interregional Cooperation P 2

NORTH REGION

Hebei Secretary Writes Letter to Laoshan Troops R 1
Tianjin's Ni Zhifu Watches Musical Performances R 1
[TIANJIN RIBAO 20 Jul]

NORTHEAST REGION

Jilin Secretary Speaks on Township Enterprises S 1
Gao Di Attends Army-Civilian Army Day Soiree S 1
Gao Di Inspects Flood Situation Over Siping S 2

TAIWAN

UNITED DAILY NEWS on Posture for Talks With U.S. V 1
Ministry Orders More Market-Opening Measures V 1

HONG KONG MEDIA ON CHINA

UK Industry Expects Daya Bay To Turn to Coal W 1
[HONGKONG STANDARD 1 Aug]
PRC Asked To Sign International Rights Pacts W 2
[HONGKONG STANDARD 1 Aug]

POSSIBILITY OF HOLDING U.S.-USSR SUMMIT VIEWED

HK010301 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 30, 28 Jul 86 p 26

["Special Dispatch" from Washington by Shi Lujia: "The U.S. and the USSR Explore the Possibility of Holding a Summit"]

[Excerpts] For over half a year, the United States and the Soviet Union have continued their disputes over the date of the second U.S.-USSR summit meeting and the questions to be discussed at the summit meeting, so that their negotiations have been at deadlock. However, recently, it seems that the situation has changed and the atmosphere has relaxed, so that people have again turned their attention to the possibility of holding a summit meeting this year. [passage omitted]

That the United States and the Soviet Union would hold the second summit meeting this year was decided by the leaders of the two countries in Geneva last November. Although both sides hope to improve their bilateral relations, their intentions are different, so that the date of the summit meeting has not been decided upon up to now. As far as the date of the summit meeting is concerned, at the very beginning, the United States suggested that the summit meeting be held in June of this year. Why did the United States choose June? This is because in autumn of this year, the United States will hold its mid-term elections to reelect all the congressmen, one-third of the senators, and one-third of the governors of the United States. The result of the mid-term elections will have a direct impact on whether Ronald Reagan's Republican Party will be able to continue to hold the majority of seats in the Senate or not, and also have a certain influence on the presidential election to be held 2 years later. If the United States can hold summit talks with the Soviet Union and relax the tension in their bilateral relations, that will doubtlessly improve the image of the Republican Party among the voters. To put it more clearly, Reagan wants to choose an opportune time to win political points for the Republican Party.

Having seen through Reagan's intention, the Soviet Union proposed that the summit meeting be held in September or October. That the Soviet Union chose that date was purposely to upset Reagan's plans and put Reagan in a passive position at the summit meeting, because September and October are the time when the mid-term elections in the United States will be reaching their climax and Reagan will need to be traveling across the country to campaign for the Republican senators and congressmen, so that Reagan will not be able to concentrate his mind on considering questions concerning U.S.-USSR relations. [passage omitted]

After years of fierce confrontation, the United States and the Soviet Union finally resumed their sumit talks last November and entered a period characterized by both confrontation and dialoge. Over the past half year, although U.S.-USSR relations have not been harmonious, out of their respective needs, both sides have continued their dialogue and world opinion has strongly demanded an easing of tensions. Now there are signs of an easing of tension on the question of holding the second summit meeting. However, as far as a series of contradictions and disputes between the United States and the Soviet Union are concerned, the dialogue between the two superpowers will proceed amid enormous difficulties both at present and in the future.

PRC PLANS WORLD SHIPPING REGISTER NETWORK

OW311401 Beijing XINHUA in English 1032 GMT 31 Jul 86

[Text] Beijing, July 31 (XINHUA) -- China is striving to establish a worldwide shipping-register network in the near future, Ding Qizhong, director of the Chinese Register of Shipping, said here today. He told XINHUA that the China Classification Society, an affiliate to the Register of Shipping, will set up its branch offices or dispatch resident surveyors at main ports of the world.

"Measures will be taken to improve business management and raise the technical level of shipping register," he said. "We are trying our best to safeguard the safe operation of ships and protect the ocean environment against pollution." "Not long ago," he recalled, "the China Classification Society has been recognized by the Egyptian authority concerned to issue seaworthiness certificates for ships operating in the Suez Canal zone. This means that it has become one of the nine major classification societies in the world."

Since its founding in 1956, the Chinese Register of Shipping has concluded agreements on marine survey cooperation with 13 foreign counterparts, and its overseas marine products survey services have been extended to 161 manufacturers with 1,300 varieties of their products approved.

Moreover, China has promulgated a series of rules and regulations relating to safety at sea and suiting the needs of development of production technology, and perfected the system of supervising and surveying ocean-going and river ships, offshore structures, marine equipment and related industrial products.

HUANG HUA FETES ESPERANTO CONGRESS LEADERS

OW281938 Beijing XINHUA in English 1802 GMT 28 Jul 86

[Text] Beijing, July 28 (XINHUA) -- Huang Hua, vice-chairman of the Standing Committee of the National People's Congress (NPC) and chairman of the Chinese Honorary Committee of the 71st International Esperanto Congress gave a reception for the leaders of the congress here this evening at the Great Hall of the People.

Among the 300 guests were leaders of the International Esperanto Association and heads of the delegations of all countries to the congress.

Addressing the reception, Huang Hua thanked once again the International Esperanto Association for its support for China and the Chinese Esperanto movement. "it's really an honor for China to host such a congress," he said.

President of the International Esperanto Association Gregoire Maertens said that he was glad to have such an opportunity to come to get some knowledge of China and the Chinese Esperantists. He expressed thanks for the great attention to the congress paid by the Chinese Government. He said, Esperanto has showed its vitality in the past 100 years as it extends to more social fields gradually, it will surely contribute to international communications and world peace, he said.

The congress started two days ago and will last until August 2.

PRC URGES U.S. TO RESPECT HAGUE RULING ON NICARAGUA

OW010101 Beijing XINHUA in English 0045 GMT 1 Aug 86

["China Opposes Interference in Nicaraguan Internal Affairs" -- XINHUA headline]

[Text] United Nations, July 31 (XINHUA) -- China today urged the United States to respect the ruling of the International Court of Justice at The Hague and refrain from interfering in Nicaragua's internal affairs.

On June 27, 1986, the court delivered its judgment on the case brought by Nicaragua against the United States, declaring that U.S. training, arming and financing of the Contra forces is a violation of international law. The court held that the United States should cease immediately all acts in breach of international law. However, the United States rejected the World Court's decision, saying it had no legal jurisdiction over continuing armed conflicts.

Li Luye, Chinese permanent representative to the United Nations, said today at the UN Security Council, "The Chinese Government opposes the acts of interfering in the internal affairs of Nicaragua and hopes that the United States Government will respect the ruling of the International Court of Justice."

The Chinese ambassador said that "the Chinese Government holds that non-interference is an important principle in international law. By providing military and other aid to the anti-government armed forces in Nicaragua, the United States has infringed on the sovereignty of that country and violated international law and the norms guiding international relations."

"The key to the relaxation and elimination of tension in Central America lies in the removal of all outside interference," he said. "The problems among the countries in the region should be settled by the people of these countries themselves. The problem between the United States and Nicaragua should be solved through peaceful negotiations on an equal footing," he added.

Li also stated that China hopes that the countries concerned refrain from taking actions that may further aggravate the situation in Central America, so as to enable the support group to achieve the desired results in their endeavor for the realization of peace and stability in the region.

U.S. COURT RULES IN FAVOR OF PRC IN BOND CASE

OW311730 Beijing XINHUA in English 1438 GMT 31 Jul 86

[Text] Beijing, July 31 (XINHUA) -- A U.S. Federal Appeals Court has upheld a 1984 ruling by an Alabama court that the Chinese Government is not liable to pay for the 1911 Qing Dynasty Hukuang Railway bonds as claimed by American bondholders, thus putting an end to a six-year-old legal dispute, it is learned here today.

In 1979, nine Americans filed a suit with an Alabama District Court against the Chinese Government, claiming payment of the Hukuang Railroad bonds they held. The bonds were sold by China's Qing Dynasty in the United States in 1911.

The district court ruled in 1982 that the Chinese Government pay 41.3 million U.S. dollars to the bondholders, on the grounds that the Chinese Government failed to respond to the suit.

The Chinese Government, in repeated contacts with the U.S. Government, rejected the ruling by invoking sovereign immunity as stipulated in international law.

The Alabama court came up with a new ruling in 1984 to cancel the suit. In face of continued appeals by the bondholders, the Federal Appeals Court announced last week that it upholds the 1984 ruling.

LIAOWANG VIEWS U.S. ARMS SALES TO TAIWAN

HK310808 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 30, 28 Jul 86 pp 22-23

[Article by Zhang Jingxu: "A Preliminary Analysis of the 'Taiwan Straits' Military Power Balance' Theory"]

[Text] In an article carried in THE LOS ANGELES TIMES on 6 July, Seliger Harrison, a senior research fellow at the American Carnegie Foundation, held that by selling arms to Taiwan the United States has constantly strained Sino-U.S. relations.

Some time ago, Harrison went to the mainland and Taiwan for a 1-month visit and fact-finding mission. The conclusion he drew was as follows: In the United States "some people" want to perpetuate Taiwan's "de facto independence." This is a naive approach because it underestimates the significance of national reunification in China's politics. He emphatically pointed out that the United States should immediately take action to respect the 17 August Communique in order to stabilize Sino-U.S. relations.

After nearly 108 months of negotiations, on 17 August 1982 China and the United States issued a communique for a step-by-step, until complete, solution of the U.S. arms sales to Taiwan, which was also called the "17 August Communique." In the communique the United States made three commitments: First, in terms of properties and quantities, the weapons it sells to Taiwan will not exceed the level reached in the early years after the establishment of diplomatic relations between China and the United States; second, it is ready to gradually reduce its arms sales to Taiwan; and third, this issue will be finally solved after a certain period of time. The United States also declared: "We do not seek to implement a long-term policy of selling arms to Taiwan: and "the United States recognizes China's consistent stand for a thorough solution to this issue."

The release of the "17 August Communique" broke the deadlock between China and the United States on U.S. arms sales to Taiwan and alleviated the crisis which for a time seriously threatened Sino-U.S. relations. As a rule, the communique should help speedily clear away the dark clouds enveloping Sino-U.S. relations and achieve the peaceful reunification of the mainland with Taiwan at an early date. It is regretable, however, that in the 3 years since the release of the "17 August Communique," the United States has not been able to earnestly fulfill its promises in practical actions. It has perfunctorily reduced its arms sales to Taiwan under the signboard of "maintaining a military balance of power in the Taiwan Straits." Facts have proven that the United States still insists that the "17 August Communique" "runs parallel" to the "Taiwan Relations Act" and that a progressive reduction in arms supplies and sales to Taiwan should be "linked to China sustained peaceful approach."

The day the "17 August Communique" was released, the Reagan administration "relayed" its six pledges to the Taiwan Government on the question of its arms sales to Taiwan: 1) The United States will not agree to a timetable for stopping arms sales to Taiwan; 2) The United States will not agree to hold prior consultations with the CPC on its arms sales to Taiwan; 3) the United States will not play the part of a mediator between Taipei and Beijing; 4) the United States will not agree to revise the "Taiwan Relations Act"; 5) the United States will not change its stand on the question of Taiwan's sovereignty; and 6) the United States will not pressure Taiwan to hold talks with Beijing.

Two days after the "17 August Communique" was released, the U.S. Government immediately prepared to notify Congress of its intention to sell to Taiwan in the next 2 and 1/2 years 31 F-5E's and 31 F-5F's worth $632 million. In November 1982, the United States sold to Taiwan various types of armored cars worth $98 million. In February 1983, the U.S. Government announced its plan to sell to Taiwan 66 F-104C's worth $31 million. What was especially serious was that the U.S. State Department announced the ceiling for its arms sales to Taiwan at $800 million in Fiscal Year 1983, at $780 million in Fiscal Year 1984, and at $760 million in Fiscal Year 1985. These figures exceeded by far the 3 standard years for arms sales to Taiwan laid down in the communique, namely, $598 million in 1979, $598 million in 1980, and $601 million in 1980, and $295 million in 1981. The U.S. State Department tried to defend itself by saying: The volume of U.S. arms sales to Taiwan since the "17 August Communique" is based on an "inflation index." According to this index, $598 million in 1979 is equal to $830 million today. According to statistics, the average U.S. arms sales to Taiwan since the release of the "17 August Communique" has been more than $750 million a year. The so-called gradual reduction is only a symbolic figure of $20 million a year. According to this rate of progressive reduction, it will take 30-40 years for the United States to finally stop its arms sales.

What merits close attention is that a new trend has emerged in the U.S. arms sales to Taiwan in recent years. On the one hand, the U.S. Government has placed the "Taiwan Relations Act" above the "17 August Communique." It openly declared: Any readjustments in the U.S. arms sales to Taiwan "presuppose China's continued implementation of the peace policy toward Taiwan," and before both sides of the Taiwan Straits "can sit together and form one China by peaceful means, we shall help Taiwan maintain its defense posture and capability." On the other hand, the United States also frequently dispatched many "former senior government officials" as well as former Defense Department official Jordan, the Senate's Armed Services Committee Chairman Barry Goldwater, and so on, to Taiwan to understand its "air defense needs." At the end of last year in particular, after secretly visiting Taiwan, a U.S. Defense Department delegation led by Sinologist Edward Ross reaffirmed the importance of "maintaining military power balance in the Taiwan Straits." For this reason, in their analyses, American military scientists said: The key to achieving a "military power balance in the Taiwan Straits" lies in maintaining Taiwan's air domination in the straits because "the success or failure of air combat will determine the result of any important conflict. If Beijing establishes its air domination by using air strikes in coordination with group bombings, it will then have the capabilityy to occupy Taiwan and, by imposing a blockade or launching a war of harassment, it can also bring about talks under an atmosphere favorable to it." In line with the above assessments, the U.S. State Department has considered four "alternative plans": 1) The United States will not sell, and will dissuade other countries from selling, high-performance fighter planes to Taiwan; 2) the United States will not sell, but will encourage other countries to sell, fighter planes to Taiwan; [paragraph continues]

3) The agreement under which Northrop and Taiwan cooperate in manufacturing aircraft will be further extended (the agreement is to expire in 1986) to enable Taiwan to go on with its production; and 4) from its stock, the United States will sell high-performance fighter aircraft to Taiwan, including the slightly improved F-5G's (or F-20's) and the greatly improved F-16A's or F-18's. After carrying out a "detailed analysis" and "weighing the advantages and disadvantages," the United States decided to adopt the third plan because it is "most suited to the U.S. policy objectives." The United States deemed it necessary to let Northrop and Taiwan "improve the production of a limited number of F-5G's on that island. These aircraft are newer than F-5E's or F-5F's. Their thrust has increased by 60 percent. They are provided with various strong points such as improved aeronautical electronics and weapons equipment, better radar, quicker reactions, and improved maintenance capability. In short, before the end of this century, F-5G's seem to be able to satisfy Taiwan's minimum needs for air defense. However, we should neither greatly increase its current military force." Although China is expected to lodge serious protests, Sino-U.S. relations "are unlikely to change." We can basically achieve the following aims: satisfying Taiwan's practical needs for defense; maintaining Taiwan's continued stability and peace; enabling the United States to fulfill its obligations stipulated in the "Taiwan Relations Act"; and enabling China to tone down its reaction. It has been learned that the United States and Taiwan have reached an "important agreement" on the joint manufacture of sophisticated weapons and that a number of American aircraft designers and engineers have been employed to help in producing new fighter planes in Taiwan, which are expected to leave the factory in 1990.

As we all know, in the "17 August Communique," the United States solemnly stated that it had no intention of infringing upon China's sovereignty and territorial integrity, of interfering in China's internal affairs, and of carrying out the policy of "two Chinas" or "one China, one Taiwan." At present, while continuing to sell large quantities of weapons to Taiwan, the United States is also providing Taiwan with the technology to manufacture various kinds of weapons. This practice of openly infringing upon China's sovereignty and directly interfering in China's internal affairs has not only seriously violated the principle of the "17 August Communique," but also departed from internatinal practice. This will place new obstacles to China's efforts to achieve peaceful reunification. In this connection, people know that during the American Civil War of 1861-65, the United States was resolutely opposed to Britain supplying the South with weapons and denounced that act as in violation of international practice. However, the United States now defends what it once opposed and calls it a "legitimate" act. In 1970, the UN General Assembly approved the "Principled Declaration on the International Law Governing the Establishment of Friendly Relations and Cooperation Among Various Countries in Accordance With the UN Charter." The declaration stipulates: "Every country has the duty to refrain from organizing, instigating, financing, or participating in another country's internal disputes." The United States was also a sponsor country of this declaration. For this reason, people hope that the U.S. Government will abide by the stipulation of the 1969 Vienna "Agreement on Treaty Law," which stipulates that "a country should not refrain from implementing a treaty by invoking its domestic law." The U.S. Government should earnestly fulfill its international obligations laid down in the "Shanghai Communique," the "Joint Communique on the Establishment of Diplomatic Relations Between China and the United States," and the "17 August Communique" signed between China and the United States, remove the obstacles to Sino-U.S. relations, and refrain from interfering in China's internal affairs any longer. The 1 billion Chinese people can properly handle their own affairs. The people on both sides of the straits are wholly capable of accomplishing the great cause of reunifying the motherland through consultation on an equal basis.

USSR'S TALYZIN REPORTED TO VIVIT PRC IN 'AUTUMN'

OW311611 Tokyo KYODO in English 1552 GMT 31 Jul 86

[Text] Beijing, July 31 KYODO -- China and the Soviet Union have agreed on an official visit to China by Soviet First Deputy Prime Minister Nikolay Talyzin this autumn, an Eastern bloc diplomatic source here said Thursday.

His China tour is expected to come, at the earliest, before the UN General Assembly begins its annual session in September, and preparatory contacts are under way between the two countries, the source said.

Talyzin's China visit would be the first top-level contact between China and the Soviet Union after Soviet party leader Mikhail Gorbachev called for improved relations with China in his speech at Vladivostok on Monday. Watchers, therefore, will be followed whether the visit will ease the strained bilateral political relations.

Talyzin, an alternative Politburo member of the Communist Party, has a bigger say in the Soviet leadership than another first Deputy Premier Ivan Arkhipov who made an official visit to China in March.

The visit by Arkhipov, a party Central Committee member, has paved the way to expanding trade, economic and techno-scientific relations between the two communist giants.

Talyzin concurrently serves as chairman of the State Planning Committee.

DPRK PROVINCIAL PARTY DELEGATION IN LIAONING

SK010820 Shenyang LIAONING RIBAO in Chinese 18 Jul 86 p 1

[Text] At the invitation of the provincial CPC Committee, a seven-member delegation from the North Pyongan Provincial Workers Party of Korea led by Chang Son-kang, secretary of the North Pyongan Provincial WPK Committee, arrived in Shenyang on 17 July.

After the Korean distinguished guests disembarked from the train at 1400, they cordially shook hands with Deputy Secretary of the provincial CPC Committee Sun Qi and Deputy Secretary of the Shenyang City CPC Committee Zhang Guoguang, who were awaiting their arrival at the platform, and well-dressed girls presented fresh flowers to them. While the guests and hosts walked abreast from the platform, they were warmly received by the hundreds of youths and children, festively singing and dancing, and people with bouquets in their hands.

The delegation visited the provincial CPC Committee at 1400. Leading comrades, including Secretary of the provincial CPC Committee Quan Shuren, comradely and cordially talked with the Korean guests.

On the same evening, secretary Quan Shuren held a banquet to welcome the distinguished Korean guests at the Shenyang's Youyi Guesthouse. Comrade Quan Shuren and Chang Son-kang, head of the delegation, proposed toasts respectively in a warm atmosphere of friendship. Comrade Quan Shuren said that on behalf of all party members and the people in the province, I expressed heartfelt welcome to the delegation. Chang Son-kang said that they were very glad to personally see the brilliant achievements in building the motherland made by the people of Liaoning Province under the leadership of the CPC. Both of them hoped that the fraternal friendship between the two parties of China and Korea and between the Chinese and Korean peoples will develop from generation to generation. Also attending the banquet were leading comrades of the province and Shenyang City, including Dai Suli, Li Tao, Sun Qi, Shen Xianhui, Zhang Guoguang, Yu Xiling, Wang Xiantang, Liu Zuntian, and Li Xishun.

On the morning of 17 July, when the delegation arrived at the end of the Yalu Jiang bridge in Dandong, they were warmly received by Wang Xiantang, deputy secretary general of the provincial CPC Committee, who made a special visit to Dandong to welcome them, and Liu Zhongwen, secretary of the Dangdong City CPC Committee.

DPRK ECONOMIC DELEGATION LEAVES FOR HOME

SK010815 Shenyang LIAONING RIBAO in Chinese 18 Jul 86 p 9 1

[Text] The seven-member North Pyongan Provincial friendly delegation from Korea headed by Yu Chae-man, vice chairman of the North Pyongan Provincial Administrative and Economic Guidance Committee of Korea, which had come at the invitation of the provincial People's Government, concluded its friendly visit in our province and left Dandong for home on 17 July. Vice Governor Bai Lichen hosted a farewell banquet in Dondong for the delegation.

The delegation participated in the activities in Shenyang marking the 25th anniversary of the signing of China-Korea treaty of friendship, cooperation and mutual assistance, and also went to Beijing for a visit. Chen Pixian, vice chairman of the NPC Standing Committee, cordially met with all the members of the delegation.

SOLUTION TO MIDEAST 'QUAGMIRE' REMAINS ELUSIVE

OW311140 Beijing XINHUA in English 1024 GMT 31 Jul 86

["News analysis: Mid-East Peace Process Remains in Quagmire; by Zhu Jiefei and Guo Xiaoyong" — XINHUA headline]

[Text] Beirut, July 31 (XINHUA) -- The Mid-East peace process remains bogged in a quagmire despite the recent summit between Israeli Prime Minister Shimon Peres and Moroccan King Hassan II, and U.S. Vice President George Bush's Mid-East peace-seeking visit. The two high-level moves have kindled little hope for a breakthrough in the Arab-Israeli conflict.

Even U.S. officials accompanying Bush to Israel, Jordan and Egypt admitted that Bush is not carrying with him any "new peace initiative." If Bush's visit can help Egypt and Israel solve their territorial dispute over Taba and bring Egyptian President Husni Mubarak and Peres together in a summit before Peres relinquishes his premiership to the die-hard Likud group in October, that would be the best possible achievement Washington could hope for.

The rift in the Arab world remains despite shuttle visits by Jordan's King Husayn between Iraq and Syria since last May. The agreement between Jordan and the Palestine Liberation Organization (PLO) for a Mid-East peace process was suspended because of division within the PLO ranks.

The initiative taken by Algeria to convene a reconciliation meeting among different Palestine factions remains in the offing. The mixed reaction of the Arab countries to the Peres-Hassan talks showed that the Arabs remain divided in holding any Arab-Israeli dialogue. At a time when the PLO factions and the Arab world remain divided, no proposals or dialogues for a Mid-East peace process can make any substantial progress.

Peres told Hassan during their meeting that Israel would refuse to recognize the PLO and the right of the Palestine people to self-determination. Israel also refused to withdraw from the occupied Arab land where many Jewish settlements have been established. Israel has explicitly rejected the "exchange of land for peace" formula, although it learned a bitter lesson from its invasion of Lebanon.

The two superpowers, the United States and the Soviet Union, appear not to be anxious for a Mid-East peace settlement. Any Mid-East deadlock does not affect their interest so long as it does not flare into a full-scale war.

The four Arab-Israel war during the past 40 years have shown that neither Israel could swallow up its neighboring Arab countries, nor could the Arab world drive Israel into the Mediterranean. If each wanted to, the United States and the Soviet Union could exploit this deadlocked situation to its own advantage in this region.

The Mid-East peace process will remain stalemated as long as the ranks of Arabs and the PLO are divided, as long as Israel is intransigent in its stand, and as long as interests of the two superpowers do not compel them to find a solution.

CUBANS PERFORM IN PRC FOR FIRST TIME IN 20 YEARS

HK010558 Beijing CHINA DAILY in English 1 Aug 86 p 5

[By Xiong Xiaoge]

[Excerpts] Like a Caribbean hurricane, the Camaguey Ballet from Cuba swept across the stage of Beijing's Tianqiao Theater with four dazzling performances over the past weekend.

The first Cuban performing troupe to visit China in the last 20 years, the Camaguey Ballet has brought a rich repertoire to chinese theater-goers.

Many Chinese dance experts praised the Camaguay Ballet's versatility. "The Camaguey Ballet has done a good job in performing dances of different styles -- whether classis, symphonoic, modern or Spanish folk dance," commented Bai Shuxiang, China's celebrated ballet actress.

"We have been learning from ballets in the Soviet Union, Italy, France and America, but in the end, we dance like Cubans," said Fernando Alonso, leader and artistic director of the Camaguey Ballet.

The diversity of choreography was evident throughout the programme. Each dance displayed a different, refreshing style of its own.

"Because the modern world is moving very fact, we need new forms of dance to day new thing," Alonso said.

"And also, ours is the first Cuban troupe to visit China over the past 20 years, "he added. "We have brought many things so that our Chinese counterparts will know what we have been doing in Cuba."

The troupe left Beijing yesterday to perform in Dalian.

COMMUNICATIONS MINISTER LEAVES FOR COLOMBIA

OW300554 Beijing XINHUA in English 0543 GMT 30 Jul 86

[Text] Beijing, July 30 (XINHUA) -- Qian Yongchang, minister of communications, left here this morning at the head of a Chinese government delegation for Bogota at the invitation of the Colombian Government.

He and his delegation will attend the inauguration ceremony for Colombian President-elect Virgilio Barco Vargas to be held August 7.

MINISTER NOTES SAFETY OF NUCLEAR POWER STATIONS

OW010408 Beijing XINHUA in English 0136 GMT 1 Aug 86

["'Safety Is First Consideration for Nuclear Power Stations,' Says Minister" -- XINHUA headline]

[Text] Beijing, August 1 (XINHUA) -- China will always follow the guideline of "safety and quality first" in building and operating nuclear power stations, according to Nuclear Power Industry Minister Jiang Xinxiong.

In an article in today's GUANGMING DAILY, Jiang said, "We should draw a lesson from accidents at foreign nuclear power stations and should not relax our vigilance although China has decided to use pressurized water reactors, which are considered worldwide as the most advanced and safest types."

China's two nuclear power stations now under construction -- one at Qinshan in coastal Zhejiang Province and the other at the Daya Bay in Guangdong Province -- will be equipped with such reactors.

Jiang noted, "they will also have such safety facilities as radioactive shielding devices, pressure vessels and reactor containments to ensure no leakage of radioactive materials in case of an accident."

Other safety systems will function to ensure water and electricity supplies as soon as a mishap happens. "Reports on the effect of the two stations on the environment have been approved by the State Environmental Protection Department," Jiang said.

"That's why Chinese nuclear experts are confident about the safety of the two stations," he explained.

The minister called for enactment of more laws and regulations on nuclear power station safety on the basis of studying internationally accepted rules. Sixty such laws and sets of regulations have already been put into effect.

The National Nuclear Safety Administration was set up earlier this year to oversee and inspect safety of all nuclear power stations in China. The administration has decided to establish safety supervision stations at Qinshan and Daya.

Jiang also pledged the introduction of a comprehensive quality control system in building nuclear power stations and the system of training and examining technicians and managerial staff at the stations.

STATE COUNCIL APPOINTS, REMOVES OFFICIALS

OW312158 Beijing XINHUA Domestic Service in Chinese 0726 GMT 31 Jul 86

[Text] Beijing, 31 Jul (XINHUA) -- The State Council appointed and removed a number of state functionaries on 12 June and 15 July 1986.

Their namelist follows:

1. Appointments:

Zhu Lilan [2612 7787 5695] (female) as vice minister of the State Science and Technology Commission;

Zhao Yannian [6392 1693 1628], Jiang Jiafu [3068 1367 4395], Zhuo Jia [0587 0502], Chen Xin [7115 2946] (female), and Zhang Zhu [1728 4554] as vice ministers of the State Nationalities Affairs Commission;

Xiang Huaicheng [7309 2037 6134] as vice minister of finance;

Luo Yunguang [5012 0061 0342] as vice minister of railways;

Ying Ruocheng [5391 5387 6134] as vice minister of culture;

Wang Xianjin [3769 0341 6651] as director of the State Land Administration Bureau; and

Jin Deqin [6855 1795 3830] as vice chairman of the Board of Directors of the China International Trust and Investment Corporation.

2. Removals:

Chen Xian and Wang Deying are removed from the posts of vice ministers of the State Planning Commission;

Xue Jianhua, Tomur Dawamat, Ren Ying, and Su He are removed from the posts of vice ministers and Wen Zhengyi and He Changqing from the posts of advisers to the State Nationalities Affairs Commission; and

Chen Rulong is removed from the post of vice minister of finance.

DEFENSE MINISTRY MARKS PLA FOUNDING ANNIVERSARY

OW010537 Beijing XINHUA Domestic Service in Chinese 1320 GMT 31 Jul 86

[Text] Beijing, 31 Jul (XINHUA) -- The Defense Ministry today held a grand reception at the Great Hall of the People to celebrate the 59th anniversary of the founding of the Chinese PLA.

Zhang Aiping, state councillor and defense minister, presided over the reception.

Attending the reception were Yang Dezhi, Qin Jiwei, Wang Ping, Li Desheng, He Changjiang, Ye Fei, Hong Xuezhi, Chen Zaidao, Qian Xuesen, and Li Jukui.

The reception began 1700. Music reverberated throughout the reception hall as the military band played the "March of the Chinese PLA."

Zhang Aiping proposed a toast amid warm applause. On behalf of the State Council, the Central Military Commission, the Ministry of National Defense, the PLA General Departments, and the Armed Forces, he extended holiday greetings to the comrades attending the reception; warmly welcomed the military attaches and deputy attaches of foreign embassies invited to the reception; paid tribute to veteran revolutionaries who had contributed to the founding of the PLA; and extended sincere regards to veteran comrades who had contributed to developing the PLA and to the soldiers, civilians, and dependents of revolutionary martyrs and servicemen, revolutionary disabled soldiers, demobilized ex-servicemen, and militiamen who have guarded the motherland's coastal and border defenses.

Zhang Aiping pointed out: The current situation at home is excellent, and the international situation is relatively stable. This has brought about a series of new changes in our national defense building, He said: Under the new circumstances at home and abroad, we should, with new viewpoints and thinking methods, work harder to modernize and regularize the Armed Forces. He emphasized that building China's national defense and Armed Forces is being undertaken for the purpose of defending the motherland and safeguarding world peace.

An atmosphere of gaiety and cordiality pervaded the reception.

Also attending the reception were leaders of the PLA General Departments, the Commission of Science, Technology, and Industry for National Defense; the various arms and services, the Academy of Military Science, the National Defense University, and the PLA units stationed in Beijing, including Hu Huizi, Han Huaizhi, Zhou Kexia, Zhou Wenyuan, Zhao Nanqi, Liu Mingpu, Zhang Pin, Zong Shunliu, Ding Henggao, Wu Shaozu, Zhu Guangya, Zhang Boxiang, Yan Jinsheng, Wang Hai, Zha Guang, Li Xuge, Wang Chenghan, and Zhang Zhen; responsible persons of relevant departments of the State Council and Beijing Municipality, including Qi Huaiyuan, Zou Entong, and Feng Mingwei; veteran army comrades in Beijing; representatives of former Kuomintang personnel who crossed over to the people's side; representatives of military heroes; representatives of the militia and dependents of revolutionary martyrs and servicemen in Beijing; as well as foreign students attending military schools in China and leaders of foreign military trainees in China.

VISIT TO SHIJIAZHUANG ARMY SCHOOL REPORTED

HK310713 Hong Kong ZHONGGUO XINWEN SHE in English 0252 GMT 31 Jul 86

[Report by Zhang Ping: "China's Modern Military Academy -- A Visit to Shijiazhuang Army School" -- ZHONGGUO XINWEN SHE headline]

[Text] On the east side of the Taihang Mountains, there is a base for the Chinese Army to train its junior commanders -- the Shijiazhuang Army College. It is located in the western suburban area of Shijiazhuang city.

Since this cradle of the Chinese army's officers was opened to foreign visitors in 1982, it has received visitors from 43 countries and regions. French General Jacque de Balli said: "I have visited many military academies in Europe, Asia, and Africa, and none of them reaches your high level."

Large Scale and High Quality Training

The Shijiazhuang Army College now has more than 4,000 cadets. The academy is divided into six departments: Infantry, Artillery, Reconnaissance, Staff, Politics, and Logistics. It offers 1-year training courses, 2-year secondary courses, 3-year college courses, and 4-year university courses. The total area of the school is 3.6 million square meters. The academy has 41 military training grounds, 18 of them inside the school compound and 23 outside the school. The total area of the academy's training grounds is equal to the area of 300 soccer pitches.

The defense training ground is arranged like a real battlefield. There are 15 types of trenches, entrenchments, bunkers, shelters, and whole sets of covered positions. In the forefront of these positions are antitank and anti-infantry mine fields and all kinds of antitank obstables. This equipment can be used at the same time by two companies of cadets for defense tactics training.

This reporter witnessed a military exercise in the academy compound. It was a training course of shooting parachute targets. At that time, the guns were booming and the parachutes fell one after another. The atmosphere was like a real battle.

Teaching With Advanced Electrical Audio-Visual Aids

In this young Chinese military academy, such electrical and electronic equipment as computers, televisions, films, slides, and audiorecording equipment have been widely adopted in teaching and management. The academy has a building equiped with audio and visual teaching aids. The building has a total floor space of 4,000 square meters and enables more than 1,000 cadets to study at the same time. In the control room of the command center is a feedback system based on modern audio and visual equipment. The conditions of all classrooms are shown on the monitor screens on the wall. Orders can also be issued from this control room to all classrooms so as to offer teaching materials and adjust teaching plans.

In the tactics training room for simulated combat, cadets are divided into a "red" team and a "blue" team. They work out their respective combat plans with computers according to the combat conditions given by the instructor. The screen then shows the process of the fierce fighting, and the "red" and "blue" teams continuously move and deploy their forces. Finally, the computer accurately shows the result of the battle and shows which side has won.

Wang Yi, director of the academy, told this reporter: The Central Military Commission attaches great importance to the military academy. It appoints the best cadres to run the school, sends outstanding officers and soldiers to receive training in this school, distribute the advanced equipment to the school, and appropriatres sufficient material and financial resources to the school.

A Road Leading to Promotion

The Chinese Army has a regulation: Soldiers who have not received command training at junior posts cannot be promoted.

Therefore, entering the military academy has become a necessary road for tens of thousands of young soldiers to realize their dream of becoming a general.

Soldiers who want to enter this military academy must first pass strict examinations, which include both military items and general knowledge. For high school graduates who want to become an army officer, they must have good results in the national unified entrance examination of colleges and universities before they are admitted to this military academy.

The school has a whole set of regulations for the cadres' studies, training, after-class life, and even for their bearing, wearing, and hair style. They are subject to the strict discipline of military life. This reporter saw that the cadets are all tidily crew cut.

Director Wang Yi himself grew up from an ordinary soldier to a general. He said: "We have strict and reasonable system of shaking out those who are not qualified. Through the life in this school, the cadets will know that it is never easy to become a qualified military commander in modern times." It is said that 30 people in the first group of cadets who just graduated this year were washed out. Of course, most of the cadets are good soldiers, who can stand up to any severe test. Since the school was set up in 1977, it has trained 16,000 junior officers for the Army. Some of the graduates have become regiment and division commanders.

YU QIULI CUTS RIBBON FOR PLA HEROES EXHIBITION

OW251415 Beijing XINHUA Domestic Service in Chinese 1103 GMT 25 Jul 86

[By reporters Gai Yumin and Yin Hongzhu]

[Excerpts] The "Motherland Is in My Heart" -- an exhibiiton of the deeds of model heroes in Yunnan and Guangxi border units -- opened today at the China Revolutionary Museum, adding new context to the celebrations of "1 August" Army Day.

Yu Qiuli, member of the Political Bureau of the CPC Central Committee and vice chairman of the Central Military Commission, cut the ribbon for, and visited, the exhibition. He said: This exhibiiton is very good, very lively. The heroic deeds of the commanders and fighters of the frontier guards can be used as good teaching materials for conducting education in patriotism and communist ideals among the people, especially youths and juveniles. [passage omitted]

Responsible comrades of the Propaganda Department of the CPC Central Committee and of the three PLA general departments, including Teng Teng, Xi Huizi, Zhou Keyu, and Zhao Nanqi, as well as representatives of the frontier guards, attended today's opening ceremony.

AIR FORCE NOTES BENEFITS OF HIGH TECHNOLOGY

HK010548 Beijing CHINA DAILY in English 1 Aug 86 p 1

[By staff reporter Wang Gangyi]

[Text] The Chinese Air Force is introducing new technology and training methods as it modernizes.

According to an officer of Air Force Headquarters, electronic, laser and computerized equipment, most of which was developed in China, is being used in training. The command systems of many air units have been computerized, improving their ability to respond quickly, the officer said. And since the beginning of this year, the Air Force has made several changes in its training system.

After graduation from aviation schools, young pilots spend further time in training divisions, which were established in mid-June this year, before going into combat units.

Yesterday morning, the Air Force issued its first batch of grading certificates to 80 percent of its pilots. "The certificates were distributed under a new pilot grading system that was set up at the end of last year. They show that the Air Force has trained a large number of high-quality pilots," the officer said.

To adapt itself to modern warfare, the Air Force has centred tactical training on military exercises involving ground troops. In the first half of this year, the officer said, various air units underwent highly-difficult training, such as flying in complicated climatic conditions and low-altitude and night flying. "Many units also participated in manoeuvers of different scales," he said. "All this has helped improve their combat capability," he added.

The officer stressed that combined exercises will be carried out more often in the future. The plan to establish a unified computerized command system needs to be speeded up so that the Air Force could play a bigger role in resisting any future aggression. The present emphasis on high-technology for defence follows massive manpower reductions in the Air Force announced last year as part of the overall plan to reduce the People's Liberation Army by one million men.

For 36 years, the Chinese Air Force has developed its own supersonic fighters, attack planes, scouts, transport planes, bombers, helicopters and training aircrafts.

"The Chinese Air Force is the world's third largest in number of fighter planes," the officer said. "At present, the force is being equipped with a new generation of fighter planes," he noted. The officer also said that the Air Force is continuing its efforts to aid the country's economic construction.

Air Force planes spread 300,000 hectares of tree and grass seeds in the first half of this year. It also made hundreds of flights for rescue missions, civil transport, scentific research and cloud seeding.

BAINQEN ERDINI TO INSPECT SICHUAN TIBETAN AREAS

HK310743 Chengdu Sichuan Provincial Service in Mandarin 0930 GMT 30 Jul 86

[Text] Bainqen Erdini Qoigyi Gyaincan, NPC vice chairman and honorary president of the Buddist Association of China, arrived in Chengdu by train this morning. He will inspect work in the province's Tibetan areas. Accompanying him was (Duo Jia), vice minister of the State Nationalities Affairs Commission. Vice Chairman Bainqen's 30-people entourage included the living Buddha and Buddhist scripture lecturer (Jia Ya), member of the National CPPCC Committee.

Meeting Bainqen Erdini at the railway station this morning were Liu Haiquan, Zhaxi Cering, Luo Tongda, and responsible comrades from the provincial CPC Committee United Front Work Department, the Chengdu City People's Congress, the representative office of the Xizang Autonomous Region in Chengdu, and the representative office of Garze Autonomous Prefecture in Chengdu.

Provincial and Chengdu City leading comrades Feng Yuanwei, Meng Dongbo, Gu Jingchi, Li Peigen, Yangling Doje, and Tianbao, and (Ma Dingcheng), deputy commander of the Chengdu Military Region, greeted Vice Chairman Bainqen at the (Jingliu) Hotel, expressing welcome to him for inspecting work in the province's Tibetan areas.

Vice chairman Bainqen will soon leave Chengdu for Garze Zang autonomous prefecture and other areas to inspect work, make visits, and carry out Buddhist activities.

GU MU TALKS TOURISM DEVELOPMENT IN HUBEI

HK251529 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 23 Jul 86

[Excerpts] From 20 to 22 July, accompanied by Wang Shuming, deputy secretary general of the State Council, and Wang Libin, vice governor of Hubei Province, State Councillor Gu Mu investigated tourism resources of Yichang, Shashi, and Jingzhou for 3 days. Comrade Gu Mu arrived in Yichang from Sichuan on the ship Sanxia on 20 July.

After investigating tourism counties at Sanxia [three gorges], he subsequently inspected the Gezhouba project. [passage omitted] The same evening, he listened to the reports by responsible comrades of Yichang Prefecture and City. Immediately after that, he came down the river in the ship. Next day, he inspected Shashi and the ancient city -- Jingzhou. [passage omitted] Comrade Gu Mu said to (Wang Shengtie), secretary of the Jingzhou Prefectural CPC Committee: The ancient city -- Jingzhou -- deserved to be called a treasure-house of the culture of Chu [a name for the region covering Hunan and Hubei, especially Hubei -- FBIS]. It has many resources for developing tourism work. He also wrote for the ancient city -- Jingzhou -- inscriptions: Protect the ancient city of cultural relics and develop tourism work.

Comrade Gu Mu also listened to responsible comrades of Jingzhou Prefecture on protecting and building the ancient city, Jingzhou, and on working hard to develop tourism work. He listened to Vice Governor Wang Libin's report on the present state of the province's tourism work and on the plan for developing the region at the middle of the Chang Jiang. [passage omitted]

After investigating the ancient city, Jingzhou, Comrade Gu Mu and his party went to investigate the ruins of the ancient battlefield of the three kingdoms in Dangyang County. On the evening of 22 July, they left Dangyang for Beijing by train.

NONGMIN RIBAO ON COOPERATIVE ECONOMY DEVELOPMENT

HK310556 Beijing NONGMIN RIBAO in Chinese 19 Jul 86 p 1

[Commentator's Article: "Do Not Simply Pursue Form in Developing a Cooperative Economy"]

[Text] Over the years, China's rural areas have rapidly developed various types of cooperative economic organizations. According to the statistics of the departments concerned, China's rural areas had more than 480,000 commodity economic combines last year, employing over 4.2 million workers and having a gross turnover volume of 13.3 billion yuan. These economic combines are developed on the basis of the rural areas' system of contracted responsibilities with payment linked to output, and they conform to the development of the commodity economy and the trend of socializing production. They are also developed by the masses. However, some comrades hold another attitude toward the economic combines which were voluntarily formed. They hold that the combines are not the "genuine" part of the socialist cooperative economy. Rather, they are "seedlings grown in the wild" and are "inferior to others. In their work, they give no support to them or even make things difficult for them, so that the normal production and operations of some combines are affected.

Among the cooperative economic organizations, will there be distinctions between a "genuine" one and an "inferior" one, or between a "superior" one and an "inferior" one? We should first thoroughly understand the aim of developing the cooperative economy. Comrade Deng Xiaoping has repeatedly pointed out that the primary task of socialism is to develop the productive forces. The aim of developing the cooperative economy is for the sake of improving the standards of the productive forces, rather than developing the cooperative economy for the sake of cooperation. The cooperative economy is a favorable combine for forming key production elements. Anything which helps this kind of development should be regarded as good cooperation, and we must not simply pursue form in the development.

In the past when our standards of productive forces were very low, we did not proceed from reality or follow the principle of volunteerism and mutual benefit. Instead, we practiced full-scale collectivization under the leadership of idealist thinking, upgraded and introduced the transitional period for the ownership system, adopted the practice of "eating from the same big pot," and constrained the productive forces, so that now the peasants are afraid whenever they hear the word "cooperation." As a matter of fact, what the peasants are afraid of is being "merged into the pool," rather than opposing everything that concerns cooperation. They are still interested in and willing to engage in cooperative undertakings that can bring them immediate interests. Through voluntary formation, peasants can use others' strong points to make up for their shortcomings, overcome problems concerning their production or operations, make-up for the shortage of manpower faced by household operations, and can perfect the level of "centralization" in the two-level administrative system. [paragraph continues]

It is, therefore, favorable to improve the standards of the productive forces. Though there are still many shortcomings among the combines, they are favorable organizations developed on the basis of volunteerism and mutual benefit. They strive to improve such key production elements as manpower, capital, and technology. They should, therefore, be advocated as they help production develop in the direction of socialization. Thus, when dealing with today's task of cooperation, we must not proceed from the "idealist" thinking or make judgements by using the outdated pattern. We must not take the ownership system as the starting point and aim. Instead, we should take the development of productive forces as the starting point and aim. Only thus, can we avoid taking again the characteristics of being "large in scope and public" as the aim of our pursuit.

The emergence of different economic combines is also determined by the characteristic of being imbalanced in the course of the economic development. In China, the difference in economic development varies greatly from place to place. Some places have reached the more well-off level, while some still do not have enough food to eat and clothes to wear. Some places have begun modernizing their production, while some still have not done away with their primary method of production. Therefore, our economic combines must be diversified rather than having only one form. They may be compact or loosely distributed; may be organized for a long-term or short-term period; may undertake the whole production process or part of it; may be a combine of individuals, between individuals and collectives, or among regions, and so on. Though they are in a provisional form and have not taken shape at the start, it is necessary that we should keep them and should not dispel them. By doing things in this way, we shall give full play to the initiative of the masses, help these economic combines become more adaptable to this kind of economic environment, and make them have the functions of self-readjustment and self-development.

FIVE CITIES EXPERIMENTING IN FUNDS MARKET

OW292348 Beijing XINHUA Domestic Service in Chinese 0633 GMT 28 Jul 86

[Excerpts] Beijing, 28 Jul (XINHUA) -- The five cities of Guangzhou, Chongqing, Wuhan, Shenyang, and Changzhou, experimenting with reform of the monetary system, are vigorously opening funds' markets and applying the law of value in regulating the supply and demand of funds. Since the beginning of this year, the five cities have circulated 13.74 billion yuan of funds through various lateral ties.

Earlier this year, the state decided to select the five cities for experiment in reform of the monetary system. Doing away with the vertical distribution of funds, banks in the five cities set up China's first transprovincial network for lateral circulation of funds, with the participation of banks in 11 cities. [passage omitted Now more than 20 key cities in various parts of the country have joined the network. [passage omitted]

While strengthening the organization, guidance, and control of enterprises, the five cities have encouraged them to raise funds among themselves, or from individuals, by issuing share certificates or bonds thus effectively tapping the available potential. According to incomplete statistics, the five cities have raised 780 million yuan since last year. In Shenyang, 680 enterprises have issued 150 million yuan of share certificates and bonds. [passage omitted]

GOVERNMENT'S ROLE IN LATERAL ASSOCIATIONS

HK300347 Beijing RENMIN RIBAO in Chinese 21 Jul 86 p 5

[Article by Sun Xiaoliang: "The Government's Role in Developing Lateral Associatian Between Enterprises"]

[Text] A Question That Merits Attention

At present, when lateral associations between enterprises are just developing, they have already had several obviously encouraging characteristics: First is the continued increase of spontaneous association between enterprises; second is the continued increase of association between different departments, different regions, and different ownerships; third is the continued increase of forms and contents of association. These new characteristics show that lateral association between enterprises is entering a new stage of development.

However, one question requires our attention, that is: How should the government bring into play its role and what role should the government bring into play in the development of lateral association between enterprises?

Now, all of us have urgently felt that developing lateral association between enterprises has become the general trend of our times, and many government departments are actively considering how to strengthen leadership in this respect. However, because of the lack of study on the internal law of lateral association development between enterprises, and because we still consider questions and decide measures according to our old ideology, there has been some unnecessary administrative interference in the development of lateral association between enterprises. The visible administrative interference is characterized by making plans, deciding quotas, "filling the bags," "braiding hair, "and forcibly associating organizations. The invisible administrative interference is characterized by making use of such powers as distributing investment, deciding projects, planning imports, distributing materials and goods, and so on to exercise influence on association between enterprises. As a result, voluntary association between some enterprises cannot be accomplished due to the lack of recognition and approval by the responsible department of the government. Sometimes, when the responsible department of the government wants to associate some enterprises together, the enterprises do not want to do so. Under such circumstances, even if the enterprises have reluctantly associated themselves together, they are just "associated in name but separated in reality." If this problem cannot be solved, lateral association between enterprises will be hindered, go astray, and even follow the same old disastrous road.

The Two Major Limitations of Lateral Association Formed Directly by the Government

The existing association between enterprises has generally developed through two channels: Association formed by the government at various levels and association voluntarily formed between enterprises.

Association formed by the government has its historical background and conditions and limitations as well, which are mainly manifested in the following two aspects: First, the association formed by the government has difficulties in freeing itself from administrative control and developing lateral ties between different regions and different departments. This limitation is unavoidable because when the government exercises its power, it objectively needs a clear-cut scope and limits so that the government at a certain level will have no right to overstep its authority by organizing association between enterprises belonging to different government levels.

Second, association between enterprises tends to ignore the willingness and mutual interests of enterprises, and sometimes even forces the enterprises to sacrifice their own interests by participating in a certain association for the purpose of "being subordinated to the overall interests." This limitation is also unavoidable because the objective demands and wishes of an enterprise as the principal part of interests differ from the demands and wishes of the government as the principal part of interests. For example, when a diesel engine factory of a city hoped to carry out technological cooperation with an oil pump factory in another city, in order to buy oil pumps of fine quality at a lower price, the responsible departments of the city concerned instead wanted the diesel engine factory to carry out technological cooperation with an oil pump factory in its own city because that would push forward the production of the city, help speed up the city's development and increase the city's revenue. Under such circumstances characterized by contradiction of various interests, the association formed by the government will inevitably harm the interests of the enterprises and ignore the willingness of the enterprises.

However, the association formed voluntarily between enterprises will not have such limitations. This is because, first, enterprises are economic organizations, so there is no such question as "administrative jurisdiction" so that the development of association between enterprises will not be restricted; second, enterprises are independent of one another. No enterprise is subordinate to another enterprise so that, in this case, no enterprise can make use of the administrative power. Since the coordination of interests of different enterprises is the only tie linking different enterprises, association between enterprises can only be formed on the basis of willingness and mutual benefit.

What should be done when the interests of the association formed on a voluntary basis contradict the interests of the localities and government departments? When this situation happens, we should form a concrete analysis of the situation. There are two possible situations: One is the above mentioned situation of the economic association between diesel engine factory and the oil pump factory. If we do things according to the will of the enterprise, there will certainly be a contradiction between the interests of the enterprise and the interests of the local government. However, such interests of the local government are actually the interests of the self-formed structure of the region. This kind of self-formed struture of the region should have been "smashed" long before. Why cannot we violate the interest of such a structure? What is wrong with violating the interests of such a self-formed regional structure, which should have been "smashed" long before? [paragraph continues]

Another situation is that the enterprise's behavior has indeed violated the just interests of the local government. When such a situation happens, we should solve the problem by making appropriate economic policies and readjusting the relations between different kinds of interests.

Both positive and negative experiences over the past few years have once again proved that the basic way to develop lateral association should be to create conditions for enterprises to form association on a voluntary basis. The government at various levels should not interfere or directly organize lateral association. This is a question of guiding ideology and should also be a question of policy.

The Three Major Roles of the Government in the Development of Association Between Enterprises

In advocating voluntary association between enterprises, is it true that the government departments at various levels have nothing to do or can accomplish nothing? No, it is not true. In fact, the government departments at various levels have a lot to accomplish and can do a lot of things. The government departments at various levels can play roles that cannot be played by others.

First, to clear up obstacles and make way for the development of lateral association between enterprises.

As far as the present situation is concerned, few government departments openly oppose association between enterprises. However, a number of government departments at various levels still make use of administrative powers to covertly obstruct association between enterprises. This situation can be seen in the following three aspects: One is that the government departments at various levels only provide investment and projects to the association formed according to the government's will and do not provide investment and projects to associations formed contrary to the government's will; second is that the government departments at various levels only support, approve, encourage, and publicize associations formed according to the government's will and do not support, approve, encourage, and publicize associations formed contrary to the government's will, and when the associations formed contrary to the government's will make mistakes, the government departments at various levels severely punish them; third is that the government departments at various levels place and promote cadres of enterprises that have entered association contrary to the government's will "sit on the cold bench," transfer these cadres to other positions on an excuse, and even covertly remove these cadres from office. The government at various levels has an unshirkable duty to clear away obstacles that can only be removed by the government at various levels.

Second, to study the law and correctly guide the smooth development of lateral association between enterprises.

To develop lateral association between enterprises, the government should strengthen its guidance. And to strengthen guidance is no doubt the responsibility of the government at various levels. However, in strengthening guidance, there might be the question of correct guidance and incorrect guidance. The question is to ensure correct guidance and avoid incorrect guidance.

Lateral association between enterprises is an objective thing, so it has its own law. The key to implementing correct guidance lies in conducting a careful study on the law of lateral association between enterprises and implementing guidance strictly according to this law so as to prevent any subjective willfulness. For instance, such questions as the basic way to develop lateral association between enterprises, the link in lateral association between enterprises, the core of association between enterprises, the form of association between enterprises, and so on, all have their own laws. Having a good grasp of these laws is the prerequisite for correct guidance; doing things according to these laws is the guarantee of correct guidance, while subjective willfulness is the root of incorrect guidance.

As far as the form of lateral association between enterprises is concerned, we once had an ideology that stressed unity. As a result, this ideology not only failed to push forward association between enterprises but also, on the contrary, obstructed association between enterprises. In fact, the different links between enterprises (such as cooperation in production technology, joint development of technologies, jointly opening up domestic and international markets, complementing each other's essential factors of production, and so on) determine the degree of closeness of the internal relations between enterprises, so they need different forms of association to meet their needs. As far as the various forms of association between enterprises are concerned, there are no better questions than which is better, which superior, which inferior, and so on. The key lies in adopting different forms according to different internal relations. If correct forms are adopted, good results will be achieved; on the contrary, if unsuitable forms are adopted, bad results will be achieved. This means that we should do things according to the objective law. As far as the law of association between enterprises is concerned, many realms of necessity still need to be understood by us. So, the government, at various levels, should make efforts to establish the guidance over association between enterprises on a scientific basis and ensure correct guidance.

Third, to make policies and push forward with the healthy growth of lateral association between enterprises.

We should push forward with the development of lateral association between enterprises, but should not "try to help the shoots grow by pulling them up," subjectivity decide quotas and development speed. We should push forward with the healthy development of lateral association between enterprises making policies.

As far as the present situation is concerned, the policy is push forward with the development of lateral association between enterprises should mainly center on two aspects: One is to encourage and not to restrict enterprises from forming lateral associations and to guarantee the decision-making power of enterprises; second is to readjust the relations of interests and harmonize the economic interests of the parties concerned. To solve the problems of these two aspects, we need to formulate policies and carry out the reform of the economic structure. The two aspects of work must be coordinated and proceed together.

The State Council has already made clear-cut regulations on pushing forward with the development of association between enterprises. Our future task is to conscientiously implement the State Council's regulations, study the new situations that will emerge in the process of implementing the regulations, and formulate more concrete and detailed policy measures which are of great significance. This is an arduous task. The government at various levels should pay great attention to this work.

We can be sure that so long as the government, at various levels, conscientiously grasps the three aspects of work and achieves results, correct guidance and a positive push forward for the development of lateral association between enterprises will result.

INDUSTRY REMITTANCES TO STATE EXPECTED TO DROP

OW300214 Beijing XINHUA Domestic Service in Chinese 1157 GMT 29 Jul 86

[By reporter Ge Daxing]

[Excerpt] Beijing, 29 Jul (XINHUA) -- According to the State Statistical Bureau, the first half-year total of profits delivered and products sales taxes paid by the state industrial enterprises, and included in the state budget, is estimated to reach the rate of 23.39 yuan per 100 yuan output value generated, 1.27 yuan lower than the same period of last year. The rate for local industries is 20.82 yuan per 100 yuan output value, 1.04 yuan less than the same period last year. This shows there is a justifiable need for China's industrial enterprises to increase their current economic results.

The per 100 yuan industrial output value rates of profit and tax payments for Yunnan and Guizhou Provinces in southwest China -- whose industrial foundation is relatively weak -- are 34.99 yuan and 34.55 yuan respectively. They are the only two provinces whose profit and tax payment rates exceed 30 yuan per 100 yuan output value. Closely following are Beijing, the capital, and Shanghai, the largest industrial center in China, with a rate of 27.9 yuan and 25.76 yuan respectively. Other provinces, autonomous regions and municipalities whose per 100 yuan output value rate of profit and tax payments exceed 20 yuan are Liaoning, Shandong, Gansu, Fujian, Nei Monggol, Guangxi, Guangdong, Hubei, Jilin, Tianjin and Hebei.

Compared with the first half of last year -- except for the seven localities of Guizhou, Qinghai, Fujian, Gansu, Jilin, Hunan and Guangdong -- the per 100 yuan industrial output value rate of profit and tax payments has dropped by varying degrees for all other localities. The drop exceeds 1 yuan for the 10 provinces, autonomous regions and municipalities of Ningxia, Xinjiang, Tianjin, Jiangsu, Sichuan, Liaoning, Nei Monggol, Shanghai, Anhui and Zhejiang. [passage omitted]

COMMENTARY URGES PEASANTS TO INVEST IN LAND

HK310535 Beijing NONGMIN RIBAO in Chinese 22 Jul 86 p 1

[Commentator's article: "Enhance the Peasants Initiative for Investment in Land"]

[Text] According to reports from various localities, peasants have become less enthusiastic about investing in land and this has become a general tendency in many places. So it is now necessary to maintain and enhance peasants' enthusiasm for investing in land, and this is a very important issue for developing agricultural production. Leaders at all levels, especially leaders in the rural areas, should treat this matter as an important part of their routine work and should carry out serious study and adopt effective measures to solve the problems in this regard.

Through reform in recent years, production potential in our agriculture has been tapped to a large extent. The production of grain, cotton, oil-bearing crops, and other farm and sideline products has increased rapidly. However, we must also deal seriously with the problems in the process of advance. One of the prominent problems is that peasants in many localities have reduced their investment in farmland. After increasing their incomes and improving their livelihood, these peasants invest their funds in fields other than improving the conditions for agricultural production. Due to the reduction in investment in land, soil fertility in some localities has declined; the area of farmland which has irrigation and drainage facilities has decreased; and soil erosion and other adverse consequences have appeared. If this state of affairs is not promptly changed and prevented, it will inevitably hinder the further development of agricultural production.

Land is the foundation for the existence of human beings. A national policy in our country is to carefully cherish and rationally utilize each inch of our land. The basic content of this national policy has two aspects: First, it is necessary to check the abuses of farmland and strictly restrict the decrease in the area of farmland; second, the use of farmland must be combined with the proper preservation of farmland so as to continuously enhance the soil quality and ensure that the land can permanently serve a farming purpose. These two aspects should be placed in equally important positions. When making great efforts to check the abuses of farmland, we must also work hard to arouse peasants' enthusiasm for investing in land so as to maintain good ecological conditions on the farmland.

Increasing investment in land and enhancing the productivity of land so as to raise the total output of farm products have become the main tendencies in the development of agricultural production in today's world. In a country with a large population and a relatively small area of arable land, it is all the more necessary for us to take this road. The 12th CPC National Congress set forth the target that our total grain output by the end of this century should reach 960 billion jin a year so that we may maintain per capita grain output at the level of 800 jin under the condition of population growth. To achieve this strategic objective, we must increase investment in farming. [paragraph continues]

An expert recently warned that the decrease in investment in farmland capital construction may bring our agricultural production into another period of stagnation. The central leaders hold that this opinion is worth noting.

When we talk about increasing investment in land, some comrades will turn their eyes to the state. Of course, the state should increase agricultural investment; but we must be clear that funds for agricultural investment should mainly come from agriculture's internal accumulation. State investment will be mainly used for comprehensive projects for harnessing major rivers. Small-scale irrigation works and farmland capital construction projects shold rely mainly on counties, districts, townships, and peasants' own strength.

Some people say that peasants who deal with land generation after generation are clearer than anyone else about the preservaion of farmland, and that other people do not need to be concerned about this. The comrades who hold this opinion do not know that we must pay more attention to the decrease in investment in land precisely because the peasants should understand the importance of such invesment. In fact, as long as we think more deeply, we may find the objective reasons for this phenomenon: First, it reflects the contradicton between the separation of the right to use land from the ownership of land. Under the condition of public ownership of land, peasants are worried that changes unfavorable to their interests may occur in the right to use the land and that they may not earn a fair return on their investment in the land. Second, the phenomenon also reflects the contradiction between the farming industry and the nonfarming industries, which may yield different rates of returns. Among various investment fields in the countryside, farming investment is less efficient in yielding returns and is more risky, so it is less attractive to the peasants. Therefore, in order to arouse peasants' enthusiasm for making investment in land, it is necessary to seriously implement the party's relevant policies and do a great deal of down-to-earth work.

First, we should seriously implement the stipulations regarding prolonging land-contract tenure, allowing peasants to transfer their land contracts, and ensuring fair returns on land investment made by the peasants as specified by the 1984 Central Document No 1 in connection with local conditions. In short, all measures concenring peasants' right to use land must be in line with, rather than in violation of, the principle of encouraging peasants to make investment in their land. In particular, when dealing with transfers of land contracts, we must ensure that peasants can obtain fair compensation for the investment they have made so as to raise their enthusiasm for making such investment and to increase the reproductive capacity of the farmland.

Second, as we cannot substantially readjust grain prices for the time being, we should try to create conditions for raising the economic efficiency of land investment and making such investment more attractive through adopting such measures as appropriately regulatng the scale of operation, offering low-cost social services, and popularizing scientific knowledge and advanced farming techniques so as to raise the degree of intensive farming.

Practice shows that so long as rural cadres in various localities more deeply understand the importance of this issue and act more in line with the party's policies and economic regularity, it is possible to raise peasants' enthusiasm for making investment in land and to prevent and reverse the downward tendency in farming investment in some localities.

ESTABLISHING LATERAL ECONOMIC TIES URGED

HK300835 Beijing JINGJI GUANLI in Chinese No 5, 5 May 86 pp 17-19

[Article by Jiang Dinghui of the Economic Research Office of the Maanshan City Government, and edited by Pan Shucheng: "Some Suggestions on the Establishment of Lateral Economic Ties"]

[Text] In 1985, the Maanshan City Government achieved important breakthroughs in the establishment of lateral economic ties. Some 110 industrial and communications enterprises have launched nearly 200 projects of lateral economic association, involving 14 provinces and cities and 11 countries and regions. Lateral economic associations developed around brand-name products brought a new lease on life to the economy of Maanshan. Some faltering enterprises were brought back to life, while large numbers of enterprises were given a boost in their development. The local industries, which used to drag on painfully, found their strategic point of breakthrough in the development of lateral economic ties. In 1985, the city's total industrial and agricultural output value exceeded 2 billion yuan. A comparision between input and output shows that the rate of increase in industrial output value is 12 percent higher than the rate of increase in production investment. An excellent economic situation of producing more with a little input prevails in the city's economy.

Lateral Economic Ties Continuously Deepen in the Course of Development.

Maanshan is one of the cities which had a fairly early start in developing lateral economic ties. Since 1981 when the country's first inter-province jointly-operated enterprise -- the Luwan [3472 4111] Textile Joint Development Company -- was established, economic and technical ties between enterprises have steadily developed.

1. Lateral economic ties centering round brand-name products have been further developed. The remarkable economic success achieved by the City's meter factory and the Shanghai Decompressor Factory in coproducing oxygen decompressors has produced trememdous exemplary effects, and it shows that developing lateral ties around quality brand-name products is the shortcut for enterprises wishing to get out of their predicament.

The Maanshan City Radio Factory and the Shanghai Broadcasting Equipment Factory concluded a 5-year cooperation agreement to produce black and white television sets of the "Shanghai Brand." By coproducing between 60,000 and 100,000 sets of 37cm televisions, the radio factory can make a profit of between 600,000 and 1,000,000 yuan each year.

The Maanshan City Electric Welding Factory cooperated with Shagnhai's East China Electric Welding Factory to produce direct current are? welding machines of the Ax7-300 model. Output in 1985 amounted to 915 sets, worth 2.9 million yuan, and profits and taxes realized amounted to 650,000 yuan.

Centering round old brands, the Maanshan City Rubber Factory and Shanghai's Zhongnan Rubber Factory coproduced "Flying Wheel" tires.

2. The deepening from product-oriented productive ties to technology-oriented structural ties and the shift from products to technology is the concrete process of the gradual deepening of lateral economic ties. Enterprises have gradually learned from market competition that technology, too, is a kind of "product."

The Maanshan City Transmission Machinery Factory has at different times established fixed technical ties with the First Designing Institute of the Ministry of Machine-building, the Engineering Department of Hefei Industrial University and the Mechanical Transmission Research Office of the Engineering Department of Shanghai's Jiaotong University to jointly develop new products. In 1984, the factory cooperated with the Deyang Heavy Machinery Designing Institute in developing the cross axle gimbaled coupling of the SWZ model and the drum-teeth shaft coupling. Because the new products are compact in structure and have a long service life, they quickly overwhelm the market. This year, the factory was entrusted by the Ministry of Machine-building with the task of designing a new generation of speed reducers. This guaranteed the new product reserve of the factory and ensured that the factory could realize the development objective of designing, trial-producing, and commissioning a new product and writing off an old product each year. In 1985, products worth 5.55 million yuan were produced. Profits and taxes realized amounted to 1.38 million yuan, an increase of 85.1 percent and 203 percent respectively over the 1984 figures. Per-capita profits and taxes realized amounted to 7,000 yuan.

3. Ties between cities and regions are greatly expanded.

Lateral ties developed from the economic and technical associations between enterprises have promoted full-fledged cooperation between cities and regions. The strong points of various regions are brought into full play. Favorable factors are fostered and unfavorable ones dodged, and different regions all complement one another. Under the direction of all-round cooperation agreements, lateral ties between different trades also developed.

Maanshan City has further strengthened its ties and cooperation with the Shanghai Economic Zone and the Suzhou-Wuxi-Changzhou Region and has established fixed ties with Nanjing, the Hainan Administrative Region in Guangdong, and the Luwan and Changning districts of Shanghai by signing all-round or single-item cooperation agreements. It has also signed letters of intent with these cities and regions on more than 20 special projects covering such fields as iron and steel, chemical engineering, textiles, building materials, electronics, water transport, and import/export trade.

4. There is development of associations from industries to circulation, transport, and so on.

The Daan Shipping Joint Stock Company Limited set up jointly by Maanshan City, Guangzhou, Wuhan, and other places tape the superiority of the Chang Jiang as a means of water transport and organizes sea-and-river through transport. [paragraph continues]

As regards commodity circulation, the Fuguo Agricultural and Trading Market was opened to provide an attractive venue for outside businessmen to come to Maanshan City to set up businesses, and joint ventures were set up with outside partners. For example, the Maanshan City Foodstuff Company and Jiangsu's Taixing Foodstuff Factory have jointly set up a meat products shop which deals in sausages, salted and cured meat, and other reprocessed meat products which are in short supply. While inviting outsiders in, every effort has been made to explore opportunities outside and to positively enhance the radiating function of commerce. More than 60 fixed ties have been established with the supply and marketing cooperatives in neighboring Hanshan, Hexian, Dangtu, Wuwei, Nanling, and Jingxian, and in Tongjing, Jiangning, and other places in Jiangsu for the specific task of providing supplies and organizing exhibitions.

5. New venues are open for fund-raising for the technical transformation of enterprises through establishing lateral ties.

Under an agreement concluded between the Maanshan City Pipecasting Factory and Suzhou's Hengtang Cement Factory, the Suzhou firm will provide 300,000 yuan to finance the installation of a slag cracking equipment in the pipecasting factory. Upon completion of the technical transformation, the pipecasting factory will make repayment with proceeds from the sale of cracked mortar. This not only provides a means of recycling, because slag, which is useless, can be used in producing cememt when cracked into mortar, but also provides a solution to the problem of the shortage of funds.

Some Suggestions on the Further Development of Lateral Economic Ties

1. In establishing lateral ties, we must start by making breakthroughs from the "two poles." One of these so-called "two poles" refers to those lines of business and enterprises that enjoy an obvious advantage. In the case of Maanshan, iron and steel construction, coking, and chemical engineering are some of these trades. The other "pole" refers to those enterprises which have the foundation but whose products are not competitive enough. Examples of these are textiles, electronics, and port transport. These are the two "magnetic poles" of the development of lateral economic ties. The "leading pole" is mainly responsible for the diffusion of products and technology. The "trailing pole" is mainly responsible for taking on and playing a supporting role in associations. It is in keeping with the operating mechanism of the commodity economy to choose the "two poles" of the superior and the inferior as break through points. In a city, a line of business that can rise to predominance must be extroversive. This extroversion not only refers to products, but also embraces technology, management, and other aspects. Take the Maanshan Iron and Steel Company for example. Not only are its products sold throughout the country, but some of its technologies are national pacesetters. Thus, it has the ability to carry out product and technology diffusion. On the other hand, ill-favored trades have difficulty carrying on because of their weak foundation and backward technology. In order to extricate themselves from their predicament, these trades are faced with a pressing need to establish lateral ties with favorable forces outside.

2. We must guide enterprises in making the gradual transition from simple product-oriented associations to associations of a higher level. [paragraph continues]

At present most of the lateral economic ties forged between Maanshan City and producers of "brand name" products outside deal with the processing or assembling of components. Although these associations will produce certain economic benefits in the short term, they are by no means the ideal form of association. The reason is that this kind of association cannot enable the participating enterprises to form their own robust and creative productive system. We believe that no "brand name" product will remain popular forever and will sooner or later be fall into disuse and replaced. With the development of science and technology, this cycle will become shorter and shorter. Moreover, under the commodity economy, every enterprise, including those producing "brand name" products, must exercise their own judgement in choosing the ideal partner to forge ties with. It is anticipated that following the updating of production techniques, the competition for the supporting role will intensify. Thus, if we only content ourselves with being able to associate with "brand name" products and do not aim at the future when developing lateral economic ties, we will either be abandoned by the factories producing these "brand name" products or we will be forced to make concessions in order to keep our supporting roles. For most places, the strategic goal in developing lateral economic ties is to gradually close the gap between themselves and the advanced regions of the country. This guiding ideology must be observed when we develop lateral economic ties. We must gradually change the present situation of mainly emphasizing products to one in which technology, capital, management, and information are all stressed in the forging of ties.

3. Lateral ties must gather together and bring into play the strong points of the local economy. Lateral economic ties are essentially strategic mutual complements in the regional economy. Shaped by historical, political, natural, geographical, and other factors, the economic development of different cities has their own unique individuality and special features. When developing lateral economic ties, we must proceed from one individuality and special features, foster the favorable factors while dodging the unfavorable ones, and carry the strong points to the full. The individuality and special features of Maanshan lie in its possession of big enterprises like the Maanshan Iron and Steel Company and the No 17 Smelting Plant as well as favorable geographical conditions such as close proximity to the river and the sea. If these existing scattered strong points are not gathered together and fully brought into play through the establishment of internal lateral ties in order to build up the city's economic superiority, the city will lose its individuality and attraction in the establishment of lateral economic ties. While it is true that due to constraints from the regional and departmental management systems, the establishment of lateral economic ties may prove to be even more difficult, as long as we boldly explore and make breakthroughs and rationally make use of economic levers, a lot can still be done in the establishment of associations.

4. The development of lateral economic ties must be integrated with the maximization of the economic structure. There are many small enterprises in Maanshan City and it has always been maintained that "it is easier to steer a small boat." This view must be changed in our endeavor to develop lateral economic ties. "Easier to steer" and "the fear of risks" are the characteristics land weak points of small enterprises in market competition. Putting too much stress on the notion of "easier to steer" essentially amounts to encouraging the small-peasant mode of operation. [paragraph continues]

Guided by this point of view, the small enterprises do not strive for technological advancement, shun market competition, and frequently switch their products, with the result that local industries lack products of superior quality that can create an impact. We must combine the development of lateral economic ties with the maximization of the economic structure and, through the regulation of economic levers, promote the transfer of products and capital and the convergence of strong points. We must link the scattered small enterprises by means of the chain of specialized and coordinated production and the chain of economic interests, in order to gradually develop groups of associated enterprises. Through the maximization of the economic structure, the single-product economy can be developed into a diversified economy, and the extensive and scattered economy can develop into an intensive group economy. Maanshan City has great potential and can accomplish much in this regard.

Lateral economic ties must be backed by relevant policies. Lateral economic ties are a new kind of economic relations derived from the commodity economy. Because these kinds of relations only have a short history and because the effects of the contradictions between departments and regions are still present, we must formulate and make perfect relevant policies if we are to speed up the development of lateral economic ties.

A) The processing of spare parts diffused within the city must not be subject to double taxation. As intracity lateral economic associations develop, the dominant factory may, in accordance with the requirement of specialized production, contract out the processing of some of the spare parts and accessories to other small factories. Because the small enterprises that undertake the processing task are independent accounting units in the eyes of the financial departments, they are often required to pay tax on the processing of parts and accessories. This increases the cost of the products and affects the enthusiasm of the dominant factories in carrying out diffusion. We think that in product diffusion within the city system, the taxation departments should levy a one-time tax on the final product and should not separately tax the processing enterprise for the processing of parts and accessories. The integrated enterprise shall work out how tax payment is to be shared.

B) The administrative grades of the enterprises should be gradually abolished. Administrative grades, which have long existed in our industrial enterprises, pose as an obstacle in our efforts to develop lateral economic ties. More often than not, county level enterprises are only willing to pair up with those at the division level, and those at the division level are only willing to pair up with section level units. Grade differences often prevent the formation of associations between units of the same level or in an "inverse relationship." The gradual abolition of the administrative grades of enterprises is conducive to our making use of the market mechanism and to our efforts to develop different kinds of lateral economic ties in light of the actual economic strength of the enterprises.

C) The transfer of personnel and equipment between enterprises owned by the whole people and collective enterprises should be permitted. Following the diffusion of products and the processing of parts and components, the need for the diffusion of technical staff, production workers, and certain key equipment will inevitably arise. [paragraph continues]

In most cases, such diffusion is from enterprises owned by the whole people to collective enterprises. Because some of our systems tend to overemphasize the boundaries of these two types of ownership, the formation of lateral associations is often affected. In my opinion, we must make a breakthrough as soon as possible. We should not get enmeshed in our own web.

RENMIN RIBAO ON MACHINE-BUILDING INDUSTRY

HK310307 Beijing RENMIN RIBAO in Chinese 23 Jul 86 p 2

[Article by staff correspondent Wang Zheng: "Grasp the 'Golden Age' for the Development of the Machine-building Industry"]

[Text] When inspecting the development of the machine-building industry in Henan, the leading comrade of the State Council said: "The development of the machine-building industry has now entered its golden age."

This is really a fact. The machine-building industry made significant progress during the Sixth 5-Year Plan. As far as product quality is concerned, about 26 percent of machine-building industrial products has reached the world levels of the 1970's or early 1980's. During the 5-year period, 6,200 new products were developed and 800 items of advanced technology were imported from foreign countries. This created favorable conditions for its development during the Seventh 5-Year Plan.

During the Seventh 5-Year Plan, the machine-building industry should strive to provide the various departments of the national economy with technology and equipment and replace imported equipment with home-made equipment as quickly as possible. The machinery and electric products, such as special-purpose equipment, complete sets of equipment, and land motor vehicles, imported by the state in 1985 were equal to half of the year's sales volume of organizations engaged in the machine-building industry. As far as a big country like ours is concerned, the equipment needed in its modernization program should rely mainly on domestic supply. The state's limited foreign exchange reserves should be used only in importing advanced technology and key equipment that is not now available in domestic markets. In this sense, the years of large-scale import of machinery and electric products have gone, creating a stage for the machine-building industry to give full play to its capacity.

The export volume of China's machinery and electrical products in 1985 constituted 4.7 percent of the total volume of China's exports. This ratio is not only far lower than that of economically developed countries but also lower than that of many developing countries. During the Seventh 5-Year Plan, to meet the needs of international markets, the state will increase the export of machinery and electrical products by a fairly big margin and promote a number of enterprises to enter international markets and experience all sorts of trials in the market.

The new technological revolution, which has posed a new topic to the machine-building industry, will lead to a change in the structure of materials and a significant drop in energy consumption. If this opportunity is seized and properly used, it is very likely that we will find the path of narrowing the gap between the level of China's machine-building industry and the world advanced levels through this new technological revolution.

To put it briefly, the situation of the machine-building industry during the Seventh 5-Year Plan is that on the one hand, the state has set high demands on its and on the other, it has also provided it with an opportunity. It is necessary to thoroughly understand and firmly grasp this opportunity.

First, prominence should be given to priorities. The 12 major items of technology and equipment prescribed in the state plan and 440 or more items of technology and equipment needed by various departments are priorities. The manufacturing of this equipment, which requires sophisticated technology and complicated coordination of supporting facilities and whose tasks are pressing, has a bearing on the lifeline of the national economy. Fulfillment of these tasks will remarkably raise the machinebuilding industry's scientific and technological, designing, manufacturing, and administrative and managerial levels.

Second, efforts should be made to open up more revenues for export. During the Seventh 5-Year Plan, while maintaining its market in the Third World, the machine-building industry should strive to develop markets in North America, Oceania, and Japan. As far as the export of machinery and electrical products is concerned, emphasis will be given to medium- and lower-grade products. On this basis, steady efforts will be made to export more medium- and high-grade products and even to export complete sets of equipment.

Third, technological progress should be maintained. The machine-building industry should pay attention to the assimilation of imported technology and key equipment. It is necessary to bring the scientific research capabilities of scientific research units and universities and colleges into full play in line with the requirements of technological progress. Attention should be paid to the technological progress of key products, enterprises, and key links.

During the Seventh 5-Year Plan, the machine-building industry should persistently put reform in the first place. At present, enterprises under the jurisdiction of the Ministry of Machine-building Industry have been delegated to key cities and some machinebuilding enterprises attached to other central departments also will be gradually delegated to lower levels. While enterprises are delegated to lower levels, the industry as a whole should be managed well. As the management organ of the machinebuilding industry, the Ministry of Machine-building Industry should treat all enterprises on an equal footing rather than show partiality to its former enterprises.

RABBIT PELT PRODUCTION CONTINUED DURING PRICE FALL

HK310539 Beijing RENMIN RIBAO in Chinese 28 Jul 86 p 2

[Report by Shi Yuesheng and Xu Boxian: "Xinchang County, Zhejiang Province, Continues To Breed Rabbits in Spite of a Drop in the Price of Rabbit Hair"]

[Excerpts] There has been another drop in the price of rabbit hair, which has led to a "large setback" in the production of rabbit hair in quite a number of localities and a "mass slaughter" of rabbits in certain areas. Xinchang County in Zheziang Province famous for being a "land of rabbit hair," has, however, been able to keep up its rabbit hair production. [paragraph continues]

Last year, the number of rabbits bred in the whole country totaled 830,000, and the country's income from rabbit breeding amounted to 45 million yuan, 30 percent of its income from agricultural and sideline production. In the first half of this year, the number of rabbits being bred increased to 850,000. The farmers in this county still believe this saying: There are prospects for long-haired rabbit breeding.

[Passage omitted] The county is concentrating its efforts on solving problems which will cause another "drop" in long-haired rabbit production.

It is striving to improve its ability to process rabbit hair and to gradually form a connected sequence of rabbit breeding, wool spinning and knitting, and marketing. [passage omitted]

It is improving the breeds of rabbits as well as the output and quality of rabbit hair. The county CPC Committee and government understand that when the price of rabbit hair drops, there is a good opportunity for popularizing fine breeds of rabbits and eliminating bad breeds. [passage omitted] Now the quality of the rabbit hair produced by this county has markedly improved. The country's rabbit hair is well-known for being long, white, soft, and clean. It has increased its competitiveness in the international market.

In addition, the supply, marketing, and transportation departments of this county are improving their ability to store rabbit hair and are taking an active part in exercising regulation by market mechanism. To ensure the sale of rabbit hair, the animal husbandry products company of the county has signed contracts with rabbit hair producing households for the purchase of 113 tons of rabbit hair, 60 percent of the rabbit hair output the county plans to produce this year.

Commentator's Article

HK310541 Beijing RENMIN RIBAO in Chinese 28 Jul 86 p 2

[Commentator's Article: "Learn To Cope With Market Fluctuations"]

[Text] Price fluctuations in the market are as unpredictable as storms in nature. Following the development of commodity production in recent years, the peasants and comrades working in the countryside have been puzzled by the changes in prices. When do prices rise and when do they fall? Why do they rise and why do they fall? Many people find it hard to explain. We are in touch with the market every day. But why do we often fail to predict the changes in supply and demand? Why are we at a loss as to what to do whenever there are market fluctuations?

It is not easy to answer these questions. On the one hand, commodity production is very complicated and changeable, like the weather. On the other hand, we are accustomed to carrying out self-sufficient production and production organized under mandatory plans. Therefore we are not familiar with regulation by market mechanism, and it will take time to familiarize ourselves with it. With the opening of the market, there are sure to be market flunctuations as well as price falls and price rises. We should have a correct understanding of market fluctuations and not blindly follow them. Facts have proved that in commodity production, market fluctuations will worsen and the interests of producers and consumers will be harmed if prices are allowed to rise or fall sharply. [paragraph continues]

An example is that when prices rise, "a rabbit sells at the price of a cow," and when prices fall, "one jin of rabbit hair is not worth a packet of salt." When the prices of rabbit hair abruptly fell in 1982, slaughtering rabbits became a common practice in Xinchang County. But its rabbit breeding business has returned to normal this year. This indicates, to a certain extent, that after meeting with misfortune, it has now come to understand the law governing the market and prices and has acquired some knowledge of commodities. The only way to avoid following others blindly is to carry out investigation and study. It is necessary not only to understand the changes in supply and demand and in prices, but also to familiarize oneself with the basic law governing market changes and to learn how to organize production and lead economic work during the course of market fluctuations.

Leaders of Xinchang County can actively cope with market fluctuations. Relying on their own efforts and by using flexible measures, they have achieved gratifying results in stabilizing and developing production amid price fluctuations, thereby making further progress in organizing commodity production. Their experience suggests that so long as one is bold in practice and good at learning, one can also gradually understand the law governing commodity market changes.

NEW SANXIA PROJECT FEASIBILITY STUDY ORDERED

HK310329 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 30 Jul 86 p 1

[Report by Xu Zhengzhong and Cao Zhaoqin: "New Feasibility Study To Be Undertaken for the Sanxia Project"]

[Text] The CPC Central Committee and the State Council recently decided to conduct deliberations on the feasibility of the Sanxia project. The Sanxia Examination Committee of the State Council, with Vice Premier Li Peng as director and Song Ping and Song Jian as deputy directors, has been set up in Beijing. It will be responsible for examining the new feasibility study report. The Sanxia Project Deliberation Leading Group set up by the Ministry of Water Resources and Electric Power last month has set about organizing experts in various fields to consider the matter again. In order to extensively listen to views from various quarters, the central authorities have also set up the Sanxia Project Coordination Group to coordinate the deliberation work. The group consists of people from the State Council, the Central Advisory Commission, the NPC, and the CPPCC.

The Chang Jiang Sanxia project is a gigantic project attracting worldwide attention. The CPC Central Committee and the State Council attach great importance to this work. Over the past 30-odd years, China's relevant departments and scientists and technicians have conducted a lot of surveying, scientific research, and design work and have accumulated extensive data. The State Council has also organized experts to discuss the matter on numerous occasions and has approved in principle the feasibility study report on the Sanxia project. However, a number of problems and new proposals regarding this project still need to be thoroughly studied from the economic and technological points of view. In an effort to carry out this work more meticulously, accurately, and prudently, the central authorities recently again instructed the relevant departments to organize experts in various fields to promote technological democracy, to conduct ample discussions and, on the basis of in-depth studies and deliberations, to submit a new feasibility study report on the Sanxia project.

The Sanxia Project Deliberation Leading group of the Ministry of Water Resources and Electric Power, with Qian Zhengying as leader, will take charge of the specific deliberation and organizational work. In the last 10 days of June, the leading group held its first meeting in Beijing to decide the objectives, methods, content, division of construction phases, and setup of the work.

The group, comprising experts in various fields, will thoroughly study 10 special topics, such as geological earthquakes, hydrological structure, silt, navigation, ecological environment, investment, and the settlement of people, restudy the feasibility of the project, and put forward instructive suggestions and requirements. The new feasibility study on the Sanxia project is expected to be completed before the end of next March. At that time, the Sanxia Project Deliberation Leading Group of the Ministry of Water Resources and Electric Power will submit a new feasibility study report to the Sanxia Project Examination Committee.

WAN LI MARKS RESURGENCE OF HEBEI EARTHQUAKE CITY

OW290221 Beijing XINHUA Domestic Service in Chinese 1104 GMT 28 Jul 86

[Excerpts] Tangshan, 28 Jul (XINHUA) -- The Hebei Provincial CPC Committee and the Hebei Provincial People's Government held a meeting in Tangshan today to mark the 10th anniversary of the resurgence of the City of Tangshan from the earthquake debris. Xie Feng, governor of hebei Province, announced that the reconstruction of Tangshan has, in the main, been completed and that a new Tangshan has been resurrected from the debris. He pointed out: it signifies that Tangshan has entered a stage of new development after overcoming the difficulties brought by the earthquake.

Vice Premier Wan Li attended the meeting.

Last night, Vice Premier Wan Li had met with the leading party and government leaders in Hebei Province and Tangshan City at the Tangshan Guest House. On behalf of the party Central Committee and the State Council, he extended deep condolences to those compatriots who died in the earthquake and the martyrs who gloriously laid down their lives in the struggle against the earthquake. He expressed solicitude for those comrades who lost their kinsmen and those disabled during the earthquake, and extended greetings to the people in Tangshan who persistently carried out production and construction under difficult conditions, and all comrades of the PLA and other sectors of life who had distinguished themselves in combatting the earthquake, doing relief work, and rebuilding the City of Tangshan. He warmly congratulated the people in Tangshan for their tremendous achievements since the earthquake. He said: Over the past 10 years, the party Central Committee and the State Council have concerned themselves with the people's livelihood, production and construction in Tangshan since the earthquake. Today, we are glad to see the rising of a new city from the earthquake debris. Most of the homeless have left their makeshift shelters and moved to new houses. Orphan, widows and widowers, the aged and the injured have been cared for. Progress has been made from the pre-quake economy and other undertakings. All this testifies to the superiority of the socialist system and invincibility of the people under the leadership of the Communist Party.

Wan Li said: The party Central Committee and the State Council sincerely hope that cadres at all levels and the broad masses of workers, peasants, and intellectuals in Tangshan unite even more closely, continue to maintain and bring into full play the spirit of waging arduous struggle against the earthquake's effects and do a better job in making reforms and carrying out construction in Tangshan as they enter the new stage of rejuvenation. Touring Tangshan City proper, Wan Li expressed his views on future construction work in Tangshan. He emphatically pointed out: Efforts must be made to solve those problems left over by history, particularly the housing of a few residents who still live in makeshift shacks. Effective measures must be taken to solve such problems as soon as possible.

Today, the monument to mark the resurgence of Tangshan from the earthquake debris stood solemnly at the center of Tangshan Plaza. More than 10,000 people, including representatives of various government organs in Tangshan, various central organs and various provinces, municipalities, and autonomous regions, attended the meeting which was presided over by Yue Qifeng, deputy secretary of the Hebei Provincial CPC Committee and secretary of the Tangshan City CPC Committee. Vice Premier Wan Li and Secretary Xing Chongzhi of the Hebei Provincial CPC Committee unveiled the monument. Afterwards, all those attending the meeting paid their respects to the compatriots who died in the earthquake and those martyrs who gloriously laid down their lives in the struggle against the earthquake. During the meeting, workers of the Tangshan Iron and Steel Company unfolded a banner bearing the slogan: "Long live the motherland" reflecting the ardent love of the people in Tangshan for the party and the nation.

Xie Feng, governor of Hebei, spoke. On behalf of the Hebei Provincial CPC Committee and the Hebei Provincial People's Government, he extended his thanks to the party Central Committee and the State Council which had always concerned themselves with the struggle against the effects of the earthquake and the work of rebuilding Tangshan, and to the PLA commanders and fighters, as well as the relevant government departments and various provinces, municipalities, and autonomous regions which had vigorously supported Tangshan in its struggle against the effect of the earthquake. [passage omitted]

Zhang Jingcheng, mayor of Tangshan, initroduced the city's tremendous achievements in reconstruction over the past decade and its future development plan. He said: The Seventh 5-Year Plan of the state already lists Beijing, Tianjin, and Tangshan as a top-level economic zone. This is a major policy decision by the party Central Committee and the State Council. Tangshan should make a great contribution to developing this Beijing-Tianjin-Tangshan Economic Zone. [passage omitted]

After the meeting, Wan Li and other leading comrades at the central level, and representatives from various provinces, municipalities, and autonomous regions toured the new Tangshan City, and visited local families.

Receives Young Pioneers

OW280112 Beijing XINHUA Domestic Service in Chinese 1517 GMT 27 Jul 86

[Text] Tangshan, 27 Jul (XINHUA) -- Wan Li, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, who was attending celebrations for the 10th anniversary of the Tangshan earthquake, received here this evening 50 representatives, of young pioneer leaders and outstanding instructors from various parts of the country.

They were participating in an "I Love New Tangshan" summer camp for leaders of young pioneers. Wan Li asked the children about their daily life and studies and had a group photo taken with them to mark the occasion.

PROVINCIAL BODIES ADOPT REFORM REGULATIONS

OW310110 Beijing XINHUA in English 0100 GMT 31 Jul 86

[Text] Beijing, July 31 (XINHUA) -- People's congresses at the provincial level across the country have formulated 744 sets of regulations since November 1979, the Overseas Edition of the PEOPLE'S DAILY reported today.

The regulations, which have been reported to the National People's Congress (NPC) for the record, are designed to promote the country's policy of opening to the rest of the world and strengthen the role of law.

An NPC official was quoted as saying the regulations cover the formation of local governments and people's congresses, finance, economic work, science, education, culture, public health and nationality affairs.

Of these, he said, 37.5 percent deal with finance and economic work, such as special economic zones, development and imports of technology, Sino-foreign joint ventures, urban management, management of free markets, environmental protection, prices and land management.

"Some local regulations are supplementary to national laws and regulations," he said. For example, detailed regulations for the implementation of China's compulsory education law have been approved by people's congresses in seven areas including Hebei and Shanxi Provinces, and Shanghai Municipality.

Some local regulations have already been formulated prior to the NPC enacting new laws, he said. For example, people's congresses in seven areas have adopted regulations on labor protection and on family planning.

Fifteeen sets of supplementary regulations and amendments to the marriage law have been put into effect in such autonomous regions at Tibet, Xinjiang, Inner Mongolia and Ningxia.

Under these, minority people there can get married earlier than the majority Han people. "This is in line with local conditions and the customs of minority peoples," the official explained.

TOWNSHIP ENTERPRISE PRODUCTS ENTER EXPORT MARKET

HK310438 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0855 GMT 29 Jul 86

[Report: "Products of China's Township Enterprises Enter International Markets"]

[Text] Beijing, 29 Jul (ZHONGGUO XINWEN SHE) -- A responsible official of the Ministry of Agriculture, Animal Husbandry, and Fisheries said at a news briefing here today that products of China's township enterprises have entered international markets. Last year, foreign exchange earned from the export of township enterprises' products reach $4 billion, 20 percent more than the previous year.

The official said that according to incomplete statistics from 15 provinces and municipalities, more than 6,000 township enterprises now export their products, and 870 of them have funds of foreign businessmen or are run in cooperation with them.

In the past few years, China's township enterprises have developed rapidly. By the end of last year, China had 12.2 million collective and individual township enterprises with 69.8 million workers and staff members, accounting for 19 percent of the total rural manpower. The gross output value of township enterprises was 272.3 billion yuan, accounting for 37 percent of the country's total social gross output value.

The official of the Ministry of Agriculture, Animal Husbandry, and Fisheries said that China's township enterprises welcome cooperation with overseas people, Overseas Chinese, and Hong Kong and Macao compatriots, particularly business and long-term cooperation with medium and small overseas enterprises.

According to reports, 26 provinces, municipalities, and regions will participate in the "China Township Enterprise Export Commodities Fair" to open in Beijing on 27 August this year. Negotiations on trade and economic cooperation will be held at the fair. In the middle of August this year, the Beijing China International Exhibition Center will hold a "Fujian Township Enterprise Products Fair."

ARMED FORCES SUPPORT REFORM, OPEN-DOOR POLICY

OW301225 Beijing XINHUA Domestic Service in Chinese 0013 GMT 30 Jul 86

[By reporter Xu Jingyao]

[Text] Beijing, 30 Jul (XINHUA) -- While striving to reform itself, the PLA has been actively supporting the nation in restructuring the economic system and opening to the outside world.

According to information released by the authorities concerned, the PLA's actual accomplishments in this regard can primarily be observed in the following areas:

Reduction of the number of troops and tightening of military expenditures: By transferring the Railway Corps and the Capital Construction Corps to the local administration, the PLA reduced the number of troops by 500,000 in 1982. Beginning in 1985, the PLA began to reduce 1 million more troops through an overall reduction-in-strength reorganization program. Last year, following the merger of military regions and the reorganization of group armies, the reduction-in-strength reorganization of leading organs at various levels was completed. During the first half of the year, the transfer of the administration of the People's Armed Forces to the local authorities was completed, while the reorganization of military academies and logistics support departments was proceeding normally. By reducing their size, the Armed Forces have lessened the burden of the state, and the demobilized personnel, by directly participating in the nation's economic construction, have expedited the process of reform and opening to the outside world. The PLA has also tightened its military expenditures. In 1985, military expenditures dropped to 19,148 million yuan, or 10.5 percent of the government budget for that year, from 22,270 million year in 1979, or 17.5 percent of the government budget for that year.

Active support to local industrial and agricultural production and major state construction projects: Since the establishment of various forms of production responsibility systems in the rural areas following the 3d Plenary Session of the 11th CPC Central Committee, the Armed Forces have been actively assisting peasants to develop commodity production and reinvigorate the economy. The Beijing Military Region alone has helped townships and towns in the rural areas set up over 50 agricultural trade markets. During the past several years, the PLA has made it a practice to support over 1,000 major local and national construction projects with over 3 million workdays each year. The PLA has also supported certain major construction projects in economic zones, economic development zones, and open cities. In Shenzhen Special Zone alone, the PLA has completed over 160 projects. Because of this, the Armed Forces have been honored as glorious vanguards in the construction of the special zone. Meanwhile, through restructuring military facilities in over 1,000 locations, the Armed Forces have vacated 330,000 square meters of land and over 200,000 square meters of barracks, and opened 59 military airports, over 300 military railways, and many military piers to civilian use, thus effectively supporting the construction of special zones and open cities.

Extensive cooperation with civilian departments in promoting socialist ethics: Presently, PLA units have worked with over 40,000 villages, factories, mines and stores in promoting socialist ethics. Of these units, over 20,000 have been acclaimed by party committees or governments at and above the county level and become examples of spiritual construction in various localities. The PLA has also worked with over 6,000 colleges and middle and elementary schools in promoting socialist ethics. Over 70,000 officers and men have become guides in extruacurricular activities, helpint schools educate young people.

Active training of dual-purpose personnel to meet the state's needs of carrying out reform and opening to the outside world: In 1985, over 900,000 soldiers attended dual-purpose personnel training classes, and over 500,000 of them received certificates certifying their proficiency in technical and other fields. Last year, 650,000 dual-purpose personnel in the country were all properly placed after retiring to the rural areas; they have become an important force in developing the rural economy, rendering significant services to reform and opening to the outside world.

NAVY LAUNCHES 'GAINS VERSUS LOSSES' DISCUSSIONS

OW270410 Beijing XINHUA Domestic Service in Chinese 1148 GMT 26 Jul 86

[By correspondent Yao Ge and reporter Cao Guoqiang]

[Excerpts] Beijing, 26 Jul (XINHUA) -- A campaign and to discuss "servicemembers' gains versus losses" is being developed in many naval units. This campaign, focusing on the theme of "being ready to give up one's own comfort and happiness for the sake of the people's well-being," is providing a fresh experience for carrying out ideological and political work during the new period.

Yu Qiuli, director of the General Political Department, has affirmed that it is fine for the naval units to launch such a discussion campaign, which he has pointed out is a concrete way to conduct education in high ideals and the party spirit. [passage omitted]

In this campaign, many units have taken their actual situations into consideration and focused attention on the existing problems while leading the cadres and fighters to discuss gains versus losses and to compare their attitude toward this question with that of frontier heroes and model personalities. As a result, the cadres and fighters have seen clearly the correct criterion for judging gains and losses and realized that a servicemember should properly handle "the question of life and death" in wartime and uphold the correct "concept about gains and losses" during the period of peaceful construction. The significance, or the value, of losses suffered by servicemembers, they said, lies in that their small personal "losses" can bring about arget "gains" for the party and people, so it is glorious to "lose" some personal interests for the sake of these "gains." In a speedboat unit, 13 percent of the cadres wished an early transfer from active service to civilian jobs. After the commencement of the "gains versus losses" discussions, the cadres generally enhanced their determination to be devoted to their current job. Most of the cadres requesting transfer to civilian jobs have withdrawn their requests and said that they want to remain at the military posts to serve the people wholeheartedly.

Most of the naval units are stationed on coastal defense fronts, including islands, where living conditions are hard and it is less convenient than in the interior for dependents to find jobs and children to go to school. Previously, some cadres thought that staying there was to "make themselves suffer, threat their families unfairly, and harm their next generation." Now, through the discussion campaign, the cadres and fighters have come to understand that though they have suffered some personal losses by guarding the coastal defense fronts, the losses are worthwhile from the viewpoint of the interests of the nation and people, and that what they have done for the party and people is still far from adequate. [passage omitted]

MINISTRY LISTS NEARLY 2000 GROUPS FOR PLA RETIREES

OW300320 Beijing XINHUA Domestic Service in Chinese 1056 GMT 29 Jul 86

[Text] Beijing, 29 Jul (XINHUA) -- According to the latest data provided by the Ministry of Civil Affairs, dual-purpose personnel organization serving returned servicemen have now been set up in 1,959 counties and cities in China. They have trained and employed 1.50 million dual-purpose personnel among retired soldiers in the rural areas. Of this total over 204,000 people have been promoted as township and village cadres and 192,000 others have become the technical mainstay of village and town enterprises.

It is learned that, since the national on-the-spot, meeting to exchange experience in training and employing dual-purpose personnel among retired servicemen was held in October last year, this work has shown some progress. By now, more than 70,000 retired servicemen have been given technical training with clear results by 9 provinces and autonomous regions. In addition, other methods have proved effective, such as establishing information links between the Army and the localities, offering intellectual support to the Army, and launching joint Army-local training activities.

YANG DEZHI VIEWS PLA AMATEUR MUSIC PERFORMANCE

OW310108 Beijing XINHUA Domestic Service in Chinese 1308 GMT 30 Jul 86

[By reporter Li Xiuqing]

[Excerpts] Beijing, 30 Jul (XINHUA) -- Unique musical performances by two PLA amateur troupes from the Laoshan frontier have profoundly stirred the hearts of their audiences in the capital tonight.

Yang Dezhi and responsible persons of the three general headquarters, the various arms and services of the PLA, and the University for National Defense watched the performances. The two troupes from the Yunnan border frontier have joined border guards in the self-defense fight against Vietnam on several occassions. Many of their members are combat heroes, and some have joined the party. The performances today are their own creations truly reflecting the militant life and thinking of the commanders and fighters in the border region as well as their own experience. [passage omitted]

The Zhejiang Military District cultural troupe, which has made contributions to promoting culture and basic PLA units, also participated in the musical performances tonight.

XINHUA DESCRIBES AIR UNITS' IMPROVED TRAINING

OW291052 Beijing XINHUA in English 0715 GMT 29 Jul 86

[Text] Beijing July 29 (XINHUA) -- Electronic, laser and computer technology has been applied by China's air units in their military training, according to the Air Force headquarters here today. In addition, modern facilities and teaching materials have also been adopted to improve training efficiency.

The military training of China's Air Force has gradually become regular and systematic, a headquarters official said.

Since the beginning of this year, he explained, air units have stepped up military training, and as a result, flying hours increased and safety ensured. Training methods have been changed to improve flying quality, the official said. Younger pilots who have just graduated from aviation schools must be trained first in newly-organized divisions before going into combat units, while in the past, they mixed with veteran pilots during training. In the first half of this year, he said, various air units undertook training in complicated climatic conditions, carried out low-altitude and night flying, and participated in different scales maneuvers.

BEIJING GET-TOGETHER MARKS PLA ANNIVERSARY

OW310412 Beijing XINHUA Domestic Service in Chinese 1349 GMT 30 Jul 86

[By reporter Zhou Kejin]

[Text] Beijing, 30 Jul (XINHUA) -- Over 8,000 people of all walks of life in Beijing Municipality and commanders and fighters of PLA units stationed in Beijing held a get-together at the Great Hall of People on 30 July to celebrate the 29th anniversary.

Chen Xitong, Zhao Pengfei, Han Huaizhi, Zhou Wenyuan, Liu Mingpu, Yang Chen, and other leading Comrades attended the get-together. They enjoyed the theatrical performance together with the masses from all walks of life in Beijing Municipality and the PLA commanders and fighters.

YU QIULI, ZHANG AIPING VISIT PLA PHOTO EXHIBIT

OW260631 Beijing XINHUA Domestic Service in Chinese 1254 GMT 25 Jul 86

[By reporters Liu Tiesheng and Cheng Gengxin]

[Excerpts] Beijing, 25 Jul (XINHUA) -- A JIEFANGJUN HUABAO [PLA PICTORIAL] photo exhibition opened at the China Art Gallery in Beijing on 24 July. [passage omitted]

Leading comrades of the Central Military Commission and the three general departments of the PLA visited the exhibition. They included Yu Qiuli, Zhang Aiping, Xu Huizi, Zhou Keyu, Zhou Wenyuan, and Zong Shunliu. Yu Qiuli wrote an inscription: "JIEFANGJUN HUABAO should publicize, inherit and carry forward the PLA's glorious traditions." Zhang Aiping wrote: "New Art of the Army."

PRC TO ISSUE 70 MILLION ID CARDS IN 1986

HK310434 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0156 GMT 31 Jul 86

[Text] Beijing, 31 Jul (ZHONGGUO XINWEN SHE) -- During the first half of this year, China carried out the work of issuing identity cards in some 80 cities, some special economic zones, and some border regions. It is expected that by the end of this year, 70 million residents will have received their ID cards.

According to a report by RENMIN RIBAO, during the first half of this year, China had already issued 20 million ID cards to residents over 16. It is expected that the work of issuing ID cards will be completed within 5 years.

At present, Beijing and Kunming have basically completed the work of issuing ID cards. Tianjin, Shanghai, Guangzhou, Wuhan, Shenyang, Chengdu, Chongqing, Xian, and other cities are strengthening the technical work of printing ID cards. By the end of this year, ID cards will be in the hands of the residents of these cities.

According to the officials of the departments concerned, the strong points of issuing ID cards are: 1) The identity of residents can be effectively determined, which demonstrates the role of ID cards in offering conveniences to residents; 2) it is beneficial in upholding the stability of the society, so that we can promptly discover, control, and punish various criminal elements and protect the safety of the state and people; 3) it is beneficial to the application of modern technology to scientific management and to population statistics, allowing us to promptly provide departments concerned with accurate demographic data.

VICE MINISTER ON TASKS FOR BALANCED BUDGET

OW300440 Beijing XINHUA Domestic Service in Chinese 1122 GMT 28 Jul 86

[Text] Beijing, 28 Jul (XINHUA) -- The most important task for our financial work now is to carry out the CPC Central Committee and the State Council's directive on our current financial and economic work and strive to increase our revenues while cutting down on expenses in order to achieve a balance between revenues and expenditures this year. This was pointed out by Tian Yinong, vice minister of finance, at a national conference on financial work held in Beijing today.

He said: Generally speaking, to achieve a balance between revenues and expenditures this year, we should broaden our sources of income and reduce expenditures. The current problem, however, are the excessive increases in expenditures. Therefore, we should concentrate on reducing expenditures. To achieve this goal, he put forward the following suggestions:

-- We should keep in mind the current financial situation and the problem confronting us. Last year our revenues increased quite substantially partly because of the development of the economy and, also, because of other special factors. Some comrades mistakenly thought that since the state's financial situation had improved, it would be alright to spend a little more money. The result was that some areas and departments called for an increase in expenditure. Consequently, they became avaricious and spent money without restraint by increasing the number of capital construction projects. We should pay attention to this blind optimism.

-- We must adopt effective measures to achieve a balance between revenues and expenditures this year. As 1986 is the first year of the Seventh 5-Year Plan, achieving a balance of revenues and expenditures is a necessity both economically and politically. By doing this, we can provide further financial resources for economic development and economic structural reform. During the Sixth 5-Year Plan, China's financial condition began to improve gradually, moving away from huge deficits to demonstrating a basic balance and then from being basically balanced to being completely balanced. This success was not easy to achieve. We must cherish this achievement. We must not only strive to achieve a balance between revenues and expenditures, we must maintain it permanently, for this will benefit our economic development.

-- We should reiterate the principle of basing expenditures on revenues, eliminate non-essential spending, correctly handle the relationship between food problems and development, and make overall arrangements for expenditures. In the course of reducing spending, we must limit investments in fixed assets and, in particular, bring extra-budgetary projects and investments in nonproductive construction projects under control; we must not allow government organizations, groups, enterprises, and institutions to set up additional offices, increase staff members, or squander money. Such bad tendencies must be discontinued.

-- We must stop indiscriminately collecting revenues from enterprises in order to invigorate them. In recent years, China's enterprises have revitalized themselves in the course of reform, which resulted in expanding their decision-making powers. At present, state enterprises have quite a lot of money, as they are allowed to keep a substantial part of the profits they make. The problem, however, is that too many intermediate organizations are collecting money from these enterprises. Money is no longer the main problem in helping an enterprise to invigorate itself. The main problem is putting an end to the indiscriminate collection of revenue from enterprises by intermediate organizations, and improving the method of accumulating funds.

RENMIN RIBAO CARRIES HONGQI TABLE OF CONTENTS

HK010151 Beijing RENMIN RIBAO in Chinese 31 Jul 86 p 5

[Table of Contents of HONGQI No 15, 1986]

[Text] Forum: "It Is Necessary To Study How To Further Reform the Political Structure"

Article by the party committee of a certain group army of the Guangzhou Military Region: "Treating the Power in Our Hands in Accordance with the Principle of Party Character"

Article by Li Yaowen: "Ideals of Contemporary Troops"

Article by Yuan Baohua: "Tentative Views of the Factory Director Responsibility System"

Article by Jing Ping: "It Is Imperative To Cut Down Expenses"

Article by Sun Dejun: "Energetically Increase the Output of Small Commodities"

Article by Zhong Han: "The Question of Labor Productivity in Modern Construction"

Article by Hang Zhongqi: "Space Technology and Economic Construction"

Article by Fan Kang: "On Achievements in One's Official Career"

Article by Jiang Dachun: "Study on the History of Society and Achievements in Natural Sciences"

Article by Yu Xinyan: "Tentative Analysis on 'The Feeling of Being Constrained'"

Article by Yin Peihua: "The Sacred Duty of an Army Artist"

Article by Wu Kaitai and Cheng Xiusheng: "In the Course of Reform, Consideration Must Be Given to Both Immediate Interests and Long-term Interests, Partial Interests and General Interests"

Article by Wang Yongjiang: "Is The Public Ownership Economy Strengthened or Weakened in the Course of Reforming the Economic Structure?"

Article by Gao Zhenrong, Ma Xueli, and Chen Wangtao: "Why Do We Say That the Establishment of a New Social Security System Is an Important Aspect of the Reform of the Economic Structure?"

Article by Ma Hongtu: "Analyzing 'Conditions'"

Article by Wang Bisheng: "The New Character and Morals of Swimmers of the Times -- Reading Novel 'Turbulent Current'"

Article by Li Maoguan: "Characteristics of the Book 'Legal System, Democracy, and Freedom'"

ANHUI GOVERNOR ADDRESSES RETIRED ARMY CADRES

OW311005 Hefei Anhui Provincial Service in Mandarin 1000 GMT 30 Jul 86

[Excerpts] According to our reporter Zhang Lei, a gala gathering of retired army cadres to mark the 1 August Army Day was held this afternoon at the auditorium of the (Daoxiang) Building under the cosponsorship of the provincial party committee and the provincial government.

Attending the gathering were responsible comrades from the provincial party committee, the provincial Advisory Commission, the provincial People's Congress, the provincial People's Government, the provincial CPPCC Committee, the provincial Discipline Inspection Commission, the provincial Military District, the PLA Electronics Engineering Institute, the PLA Artillery Technology Academy, and party, government, and army organizations in Hefei City as well as representatives of retired army cadres, nearly 300 in all.

The gathering was president over by Meng Fulin, member of the Standing Committee of the provincial party committee and vice governor of the province.

Governor Wang Yuzhao addressed the gathering. He began his speech by extending cordial regards and festive greetings on behalf of the provincial party committee and the provincial government to all comrades attending the gathering and, through them, to all retired army cadres in the province. He said that veteran army comrades are a valuable asset of the party and the people, and that during the past decades they have made significant contributions to the birth of New China and to socialist construction. [passage omitted]

Comrade Wang Yuzhao expressed the hope that while happily spending the remaining years of their lives, the retired army cadres would do some useful social work according to their specialities and within their capabilities. He called on them to offer suggestions for, and make contributions to, the building of socialist material and spiritual civilization and the invigoration of Anhui's economy. [passage omitted]

FUJIAN SECRETARY ATTENDS MILITARY MEETING

OW010525 Fuzhou FUJIAN RIBAO in Chinese 23 Jul 86 p 1

[Excerpts] Chen Guangyi, secretary of the provincial party committee and first secretary of the party committee of the provincial Military District, addressed a meeting of the military district party committee. The meeting ended on 22 July. He stressed that the military, government, and people should respect and support one another and enhance unity. PLA units and the militia reserve service should adapt to the strategy change in their development and fulfill their work in a better way. [passage omitted]

Speaking about the need for local party committees and government to support and care for the military, Chen Guangyi stressed: Another group of army cadres will be transferred to civilian jobs this year. All levels should warmly welcome them, as they have always done, and make rational job arrangements for them so that they can use their specialities in the best way. As for the retired army veterans, we should actively endeavor to create favorable conditions, accelerate housing construction, make adequate arrangements for their livelihood, and let them play their role in society. [passage omitted]

Zhang Zongde, member of the Standing Committee of the provincial party committee and commander of the provincial Military District, delivered a report summing up work in the first half of this year and outlining work for the second half. Cong Lizhi, political commissar of the provincial Military District, relayed the guidelines of the party committee meeting of the Nanjing Military Region and delivered a summary report of the meeting. Principal leaders of the various units at the division (brigade) level or higher affiliated with the military district attended the meeting. [passage omitted]

JIANGSU MARKS PLA FOUNDING ANNIVERSARY

OW010203 Nanjing Jiangsu Provincial Service in Mandarin 2200 GMT 30 Jul 86

[Text] The Jiangsu Provincial People's Government, the Nanjing City People's Government, the Political Department of the Nanjing Military Region and the provincial Military District yesterday afternoon jointly held an Army-government forum to celebrate the 59th anniversary of the founding of the Chinese PLA.

The forum was held in the auditorium of the Zhongshan East Road Guesthouse. Responsible comrades of the party, government, and Army reviewed the harmonious relationship between the Army and the people. Attending the forum were responsible comrades of Jiangsu Province and Nanjing City including Han Peixin, Shen Daren, Gu Xiulian, Sun Han, Chen Huanyou, Sun Jiazheng, Cheng Weigao, Hu Fuming, Gu Hao, Liu Lin, He Binghao, Qian Zhonghan, Xing Bai, Zhang Yaohua and (Hu Xijian); Zhao Aqing, alternate member of the CPC Central Committee; Kang Di, member of the Central Discipline Inspection Commission; Du Ping, member of the Central Advisory Commission; responsible comrades of the Nanjing Military Region including Xiang Shouzhi, Fu Kuiqing, Guo Tao, Shi Yixiao, Liu Lunxian, Yu Yongbo, and Zheng Zhubo; responsible comrades of the Air Force, Army Academy and Naval Academy of the Nanjing Military Region; and responsible comrades of the Jiangsu Provincial Military District including Han Decai, Song Chaoshi, (Xu Zhengjun), (Qian Zhenghuan), Zhen Shen, and Yue Dewang.

Governor Gu Xiulian spoke first at the forum. She said: In recent years, the PLA units stationed in Jiangsu have made great efforts to carry out structural reform and streamline organizations; they have actively promoted revolutionization, modernization, and regularization. They have achieved satisfactory results. The PLA units stationed in Jiangsu have enthusiastically supported the building of spiritual and material civilizations and the reform work in the province. They have made outstanding contributions to the province in promoting industrial and agricultural production; supporting the building of key construction projects; fighting natural disasters; guiding the training of the militia; maintaining social security; and unfolding activities to build civilized units by both soldiers and people. They have received high praise and heartfelt support from the people.

Governor Gu Xiulian said: In recent years, Jiangsu Province has done its share in unfolding mass activities to support the Army and give preferential treatment to military dependents and in implementing the party's policy of giving special care to disabled servicemen and to family members of revolutionary martyrs and servicemen. It has achieved some good results. We must extensively publicize the PLA's new contributions in defending the motherland and supporting the four modernizations; publicize and learn from the broad masses of commanders and fighters, their heroic spirit and noble character of serving the people wholeheartedly, and form the good practice of respecting and loving the Army throughout the province.

Xiang Shouzhi, commander of the Nanjing Military Region, also spoke at the forum. He first extended heartfelt thanks to party organizations and governments at various levels in the province and Nanjing City and to all people in Jiangsu for their enthusiastic support to the building and work of various PLA units.

He said: All our progress in building various PLA units is related to the kind support of local party committees and governments. Following the reorganization of various PLA units, more than 3,500 military cadres who were transferred to civilian jobs in Jiangsu have been properly placed in various positions. Various loalities have provided significant help to the Army in training; war preparation; enforcement of military duties; construction and productive work; job placement for military dependents; and securing adequate supplies. They have played a great role in speeding up the reform and building various PLA units.

In conclusion, Commander Xiang Shouzhi said: We must work together with the people of Jiangsu Province to develop the indomitable spirit of the foolish old man who moved mountains in making improvements through hard work. We must work with concerted efforts fully cooperating and actively taking part in the four modernizations drive of the motherland. We must also make new contributions in transforming PLA units into regular and modern revolutionary armed forces.

Zhang Yaohua, mayor of Nanjing City, also spoke at the forum.

Following the discussion meeting, the leading comrades attending saw a colorful performance given by cultural workers of the Nanjing Military Region, Jiangsu Province, and Nanjing City.

JIANGXI ISSUES DRAFT REGISTRATION CIRCULAR

OW300340 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 28 Jul 86

[Text] The Jiangxi Provincial People's Government and the Provincial Military District recently issued a circular on draft registration in the province.

The circular points out: All male citizens who will reach the ages of 18 to 20 before 31 December 1986 must register for military service, irrespective of nationality, race, occupation, family background, religion, and education. Students who have reached the age of 17 and are graduating from senior middle school may also register on a voluntary basis. Those who are imprisoned and who are deprived of their political rights according to law and young people who are being reeducated through labor or who are being disciplined may not register for the time being.

Since the promulgation of the Military Service Law, young people in the province are required to register for military service.

The circular requires people's governments and conscription offices in various localities to attach great importance to the draft registration. Under the leadership of people's governments, conscription offices should be responsible for the draft registration. It is necessary to give wide publicity to the Military Service Law and to encourage young people to register for military service and to fulfill their obligation in this regard. The draft registration for this year should finish before 30 September.

JINAN PLA PARTICIPATES IN ECONOMIC CONSTRUCTION

SK310800 Jinan Shandong Provincial Service in Mandarin 2200 GMT 30 Jul 86

[Excerpts] Since the beginning of this year, carrying forward the glorious tradition of supporting the government and cherishing the people, and the Laoshan spirit of selfless devotion, the PLA units of the Jinan Military Region have voluntarily subordinated themselves to the state's overall interest of economic construction and have actively participated in local activities to build the two civilizations. They have achieved remarkable results in the work to support the government and cherish the people, with the focus on building the spiritual civilization cooperatively with civilians. [passage omitted]

Since the beginning of this year, the Jinan Military Region has devoted 1.03 million work days to supporting local key construction projects, completing in high quality the construction of some subprojects of the Shengli Oilfield project and the project to divert Huang He waters to support Qingdao. The units of the Jinan Military Region have also actively participated in local public welfare facility construction. Leading persons of a certain unit personally asked the local government to undertake some construction tasks. In the first half of this year, the unit devoted more than 170,000 work days and sent more than 600 vehicles and machines to take part in 10 local public welfare projects, which had a favorable influence on the locality. The units stationed in Jinan, the provincial capital, have vigorously joined in the project to afforest 10,000 mu of barren hills.

In helping the old revolutionary base areas to eliminate poverty and achieved affluence, the units stationed in the Yimeng mountainous areas, the military subdistrict and People's Armed Forces Departments have launched extensively activities of never forgetting and being ungrateful to the kindness of the Yimeng mountainous areas. A certain unit has devoted more than 100,000 work days to supporting the economic construction of the old revolutionary base area. A certain unit established cooperative ties with 56 villages. Thirty-nine villages of them have eliminated poverty and achieved affluence, of which 36 were named civilized villages.

In emergency disaster rescue work, the units of the Jinan Military Region have also done a remarkable job in rescuing fishermen, extinguishing forest fires, reinforcing river dikes, combating floods and conducting emergency rescue work, combating drought, and other emergency tasks, thus making contributions to saving state property and the people's lives.

SHANDONG PLA COMMANDER AT PLA FOUNDING RECEPTION

SK010144 Jinan Shandong Provincial Service in Mandarin 2200 GMT 31 Jul 86

[Text] On the evening of 31 July, the Jinan Military Region held a film reception at the Bayi Auditorium to mark the 59th anniversary of the founding of the Chinese PLA. Li Jiulong, commander; Chi Haotian, political commissar; Gu Hui, deputy commander; Xu Chunyang, Discipline Inspection Commission secretary; and Zhang Zhenxian, Air Force political commissar of the Jinan Military Region, attended the reception. Others invited to the reception were leading comrades of the Shandong Provincial CPC Committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial government, and the provincial CPPCC Committee, including Li Changan, Lu Maozeng, Yang Xingfu, Yang Yanyin, He Guoqiang, Miao Fenglin, Li Farong, Li Zhen, Ma Lianli, Tan Qinglian, Liu Yong, and Wang Chengwang, as well as leading comrades of Jinan City. Veteran comrades of the Jinan Military Region, including Pan Qiqi, Ren Sizhong, Zuo Qi, Chen Meizao, and Zhao Bingan, were also present.

At the reception, the soldiers and civilians happily got together to talk about their close relations. After reviewing the historical roads traversed by our army, they felt all the more the profound feelings toward the party, the people, and the Army. The PLA commanders and fighters present at the reception were determined to carry forward the glorious traditions of our army, take the initiative in putting themselves to the overall interest of the state economic construction, and make new contributions to the motherland and the people.

On the evening of 30 July, the provincial and the Jian City People's Governments also held a film reception separately for the commanders and fighters of the Jinan Military Region, the provincial Military District, and the leading organs of the provincial Armed Police Force. They expressed heartfelt gratitude to the commanders and fighters for their tremendous contributions to guarding national defense, safeguarding public security, conducting emergency disaster rescue work, and supporting local construction.

RUI XINGWEN VISITS SHANGHAI ARMED POLICE

OW312154 Shanghai City Service in Mandarin 0000 GMT 31 Jul 86

[Text] Yesterday morning Rui Xingwen and Huang Ju, secretary and deputy secretary respectively of the Shanghai Municipal CPC Committee; and Shi Zhusan, member of the Standing Committee of the municipal party committee called at the Shanghai Municipal Armed Police Force Headquarters and the barracks of its 1st Detachment to extend festive greetings to the commanders and fighters on the occasion of 1 August Army Day.

Rui Xingwen praised the broad masses of commanders and fighters of the muncicipal Armed Police Force as a reliable shield that ensures the security of the Shanghai people's lives and property and as a tough force that can be used at all times. He expressed the hope that they would continue to exert themselves to reinforce the new socialist Great Wall that safeguards stability and order on a long-term basis.

On behalf of the municipal government, Huang Ju extended greetings to the commanders and fighters of the Armed Police Force and conveyed the municipal government's regards to their dependents.

GUAN GUANGFU AT IDEOLOGICAL, POLITICAL CONFERENCE

HK310817 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 30 Jul 86

[Excerpts] From 25 to 30 July, the provincial CPC Committee held a provincial conference in Wuchang on ideological and political work. Some 340 people attended the conference, including leading comrades of the provincial CPC Committee, the provincial Advisory Committee, the provincial Discipline Inspection Committee, the provincial People's Congress Standing Committee, the provincial government, the provincial CPPCC Committee, and the provincial Military District.

Guan Guangfu, Guo Zhenqian, Zhao Fulin, Qian Yunlu, Li Haizhong, Zhang Xueqi, Li Fuquan, Liang Shufeng, Wang Hanzhang, Wang Libin, Duan Yongkang, (Xu Pengchang), (Tan Nanpeng), (Tang Zhenshan), Wang Shen, and (Wang Jieqing); (Wang Chonglong), Propaganda Department director of the provincial CPC Committee; Tian Qingbo, secretary of the provincial Discipline Inspection Committee; (Zhang Dongsheng), deputy secretary general of the provincial CPC Committee; responsible comrades and propaganda department directors of all prefectual, city, autonomous prefectural, and county CPC committees; and responsible comrades of large factories, mines, colleges, universities, provincial commissions, offices, and departments and bureaus on the province's propaganda front were among the attendees.

(Li Fu), deputy director of the Theoretical Bureau of the Propaganda Department of the CPC Central Committee, was also invited to attend the conference.

During the conference's first 2 days, 17 comrades delivered speeches as typical examples. [passage omitted] Materials of the typical advanced examples were distributed at the conference.

On 28 July Guan Guanfu, secretary of the provincial CPC Committee, delivered a speech at the conference.

In accordance with the opinions of members of the Standing Committee of the provincial CPC Committee at a discussion meeting, he spoke on five questions: 1) An analysis of the ideological and political work in the province over the past few years. 2) fully understanding the position and role of ideological and political work in the new period. 3) Inheriting and carrying forward a fine tradition, exploring a new road for carrying out ideological and political work with the spirit of reform. 4) Vigorously strengthening the building of the contingent of ideological and political workers. 5) Effectively strengthening leadership over idelogical and political work. [passage omitted]

On the afternoon of 30 July Guo Zhengqian, deputy secretary of the provincial CPC Committee and provincial governor, read a decision of the provincial CPC Committee on commending advanced units in ideological and political work and outstanding ideological and political workers, and commended 79 advanced units and 37 advanced individuals. Amid warm applause, the leading comrades of the provincial CPC Committee awarded silk banners and certificates of merit to them. [passage omitted]

At the conclusion of the conference Qian Yunlu, deputy secretary of the provincial CPC Committee, delivered a speech. [passage omitted]

MAO ZHIYONG AT FORUM TO MARK PLA ANNIVERSARY

HK310821 Changsha Hunan Provincial Service in Mandarin 0900 GMT 29 Jul 86

[Excerpts] This morning, leading comrades of the provincial and city party, government, and Army, and cadres at and above the divisional level of the PLA units stationed in Changsha happily gathered under the same roof to speak glowingly of the excellent situation in reform and the four modernizations and to mark the 59th anniversary of the founding of the Chinese PLA. The forum was presided over by provincial CPC Committee Secretary Mao Zhiyong.

Xiong Qingquan, provincial CPC Committee deputy secretary and governor, delivered an ebullient speech. On behalf of the provincial CPC Committee, provincial Advisory Commission, provincial Discipline Inspection Commission, provincial People's Congress, provincial government, and provincial CPPCC Committee, he first extended festive greetings and lofty respects to all commanders and fighters of the PLA units stationed in the province and of the Armed Police Force and to all disabled soldiers, family members of martyrs, demobilized and retired soldiers, and militiamen of the whole province. [passage omitted] In his speech, Xiong Qingquan briefly introduced the province's political and economic situation and its work and tasks for the second half year to the cadres at and above the divisional level of the PLA units stationed in Changsha who were present at the forum.

Following Xiong Qingquan's speech, Hunan Military District Commander Jiang Jinliu spoke at the Army-government forum. He said: Over the past few years, CPC committees and governments at all levels have carried forward the glorious tradition of supporting the Army and giving preferential treatment to its dependents and have done a great deal of effective work to support the reform and building of the Army with practical actions. They have vigorously made arrangements for the army cadres transferred to civilian work and for retired army cadres, vigorously supported the Army in training people qualified for both military and civilian work, and really done well in giving preferential treatment to and comforting and compensating family members of soldiers and martyrs. They have cordially accept the work of placing People's Armed Forces departments under local authorities. [passage omitted]

Responsible comrades of the University of Science and Technology for National Defense, PLA Changsha Political Organs Institute, Engineering Corps Institute, and provincial Armed Police Corps spoke one after another. Attending today's forum were leaders of the provincial and city party, government, and Army, the University of Science and Technology for National Defense, PLA Changsha Political Organs Institute, Changsha Engineering Corps Institute, Changsha Artillery Institute, Hunan Military District Cadres Cultural School, the provincial Armed Police Corps, and the Air Force stationed in Changsha. Others Attending were Liu Fusheng, Wan Da, Jiao Linyi, Cheng Xingling, Sun Wensheng, Dong Zhiwen, Shen Ruiting, (Li Jianguo), Qi Shouliang, Luo Qiuyue, Cao Wenju, Yin Changmin, Gu Shanqing, (Xiao Qiuwu), (Wu Weiting), (Wang Zhongfu), and (Wang Keying).

HUNAN BENEFITS FROM INTERREGIONAL COOPERATION

OW310620 Beijing XINHUA in English 0606 GMT 31 Jul 86

[Text] Changsha, July 31 (XINHUA) -- Technological cooperation with businesses in other parts of China since 1984 has turned 17 unprofitable factories in an underdeveloped area in western Hunan Province into profitable ones.

One, the Jishou Tannery in Jishou City, capital of Xiangxi Prefecture, was in the red in late 1984 because of outdated equipment and technological processes. "Under a cooperation agreement signed with us," Deputy Factory Director Xu Ziji said, "the Yimin Tannery in Shanghai sent a deputy director, engineers and skilled workers earlier last year to help us upgrade technology, train workers and improve management." As a result, the Jishou Tannery's production is expected to rise 30 percent this year over last. "We earned 170,000 yuan (about 46,000 U.S. dollars) in profits in the first five months of this year," said Xu, in his 30s. "Our leather products are now sold in developed areas including Shanghai and Jiangsu Province," he said, adding that this was unimaginable two years ago.

Gao Yuncai, 60, a worker from the Shanghai Tannery now helping the Jishou Tannery, said that his factory earned 120,000 yuan (about 32,400 U.S. dollars) in technical service fees last year.

Earlier this year, Chinese premier Zhao Ziyang stressed the need to "promote economic cooperation between developed and underdeveloped areas" to enable underdeveloped regions to shake off poverty as soon as possible by mainly relying on their own resources.

Xiangxi Autonomous Prefecture of the Tujia and Miao nationalities administers eight counties and two cities, inhabited by 2.8 million people, 65 percent of them minority people. The mountainous prefecture covers 21,000 sq km, about one-tenth of Hunan Province's land mass.

Prefectural official Yang Eryu said: "It is through the introduction of technology, expertise and money from elsewhere that we are now able to develop rich natural resources in our prefecture." Since 1984, local businesses have reached 145 technological cooperation agreements with firms and research institutes in big cities of Beijing, Shanghai, Guangzhou and in coastal Jiangsu Province.

The authorities in Dayong County, where China's national forestry park, Zhangjiajie, is located, have built 17 hotels, villas and sanitoriums in cooperation with firms in Beijing, Shanghai, Guangzhou and the Hunan provincial capital of Changsha.

"In all, we've brought in 64 million yuan (about 17 million U.S. dollars) and 400 sets of equipment from elsewhere over the past two years," Yang said.

Cooperation takes the form of technology transfer, the establishment of joint ventures, personnel training, leasing of equipment and compensation trade. Since 1984, the prefecture has developed 150 new products, including diamond, marble, paint, quality leather products and beverages and the goods are now sold in most parts of the country. Some 200 workers from Shanghai, Guangzhou and Changsha are serving as deputy directors, engineers, quality inspectors and technical advisers for businesses in the prefectural capital of Jishou.

HEBEI SECRETARY WRITES LETTER TO LAOSHAN TROOPS

SK310836 Shijiazhuang Hebei Provincial Service in Mandarin 2200 GMT 2 Jul 86

[Text] Xing Chongzhi, secretary of the provincial CPC Committee, and Xie Feng, provincial governor, wrote letters in reply to the commanders and fighters of Hebei origin who are fighting on the Laoshan frontline on 9 June and 14 July respectively. On behalf of the 56 million people throughout the province, they extended warm regards and enthusiastic encouragement to the heroic sons and daughters who have fought bloody battles.

(Wang Hehai) and some 80 commanders and fighters of a certain unit, and (Yan Zhiping) and 7 others of another unit, who are natives of Hebei, and who were guarding the southern frontier of the motherland, wrote joint letters to Comrade Xing Chongzhi and Xie Feng respectively in May this year to report their hard and bitter battles on the frontline, and to express their lofty ideals of sacrificing their lives for the country without regret, and killing the enemy to make contributions and win honor for the people of their own hometowns.

The letters from the frontline commanders and fighters deeply moved Comrades Xing Chongzhi and Xie Feng. In addition to writing a letter in reply, Comrade Xing Chongzhi asked other comrades concerned to send them 308 books of 25 categories. In their letters, Comrades Xing Chongzhi and Xie Feng expressed warm regards and high respect to the commanders and fighters of Hebei origin on the Laoshan frontline on behalf of the 56 million people of Hebei.

On 27 June, Comrade Xing Chongzhi's letter and the books arrived at a certain unit on the Laoshan frontline. Some 120 cadres and soldiers of Hebei origin of this unit rushed to pass on the news and read the letter. (Zhang Lixin), who was holding fast to a certain height only 7 meters away from the enemy's position, said with sobs after receiving a phone call from his comrades-in-arms: The secretary of the provincial CPC Committee, and the people of our hometown always remember us with concern. I will repay them with military medals of merit, and a diploma acquired through independent study.

TIANJIN'S NI ZHIFU WATCHES MUSICAL PERFORMANCES

SK300840 Tianjin TIANJIN RIBAO in Chinese 20 Jul 86 p 1

[Excerpts] A soiree to appreciate the great musical compositions in the world sponsored by TIANJIN RIBAO on the evening of 19 July was a grand concert, something rarely seen in the past few years. [passage omitted]

Watching the performances were leading comrades of the municipality, including Ni Zhifu, Yang Jingheng, Ji Zenghui, Chen Yiyi, Zhang Dinghua, Shi Jian, Li Lanqing, Xiao Yuan, Yu Sonting and Liao Canhui; Cao Huoxing, director of the municipal Culture Bureau; and Yang Jinhao, president of the Tianjin Music Institute. After the performances, leading comrades, including Ni Zhifu, stepped up to the stage to congratulate the performers on their successful performances and to extend greetings to them.

JILIN SECRETARY SPEAKS ON TOWNSHIP ENTERPRISES

SK310543 Changchun Jilin Provincial Service in Mandarin 0930 GMT 30 Jul 86

[Text] The 3-day provincial township enterprise work conference held by the provincial CPC Committee and government concluded in Changchun today. Gao Di, secretary of the provincial CPC Committee, spoke at the end of the conference.

During the conference, the participating comrades conscientiously studied and discussed the speech of governor Gao Dezhan delivered at the beginning of the conference, and discussed the draft of the regulations on several questions concerning the great development of township enterprises, which had been worked out by the Jilin Provincial CPC Committee and government for discussion. Through study and discussions, they unified their thinking, enhanced their understanding, further clarified the guiding ideology, principles, policies, and measures for developing township enterprises, achieved a clear understanding of the strategic position of township enterprises, and felt more profoundly the emergency of the work to greatly develop township enterprises.

Geo Di, secretary of the provincial CPC Committee, pointed out in his speech: We should advocate development of diverse forms of township enterprises. In line with the actual conditions of our province, at present we should emphasize the development of the enterprises run by households either individually or jointly while greatly developing those run by townships, towns, villages and supply and marketing cooperatives.

Speaking on what township enterprises should develop on a priority basis, Gao Di pointed out: Township enterprises should develop production in line with market demands and their own capacity. In line with the provincial situation, we should develop our superiority in natural resources, and proceed from reality in undertaking whatever is suitable. We should suit our measures to the specific conditions of every locality, household and person.

In conclusion, Gao Di stressed: In developing township enterprises, we should pay attention to both economic results and social benefit. While greatly developing township enterprises, all localities should also pay attention to the collective enterprises in urban and rural areas instead of paying attention to the state enterprises alone.

During the conference, the Changchun City People's Government, the suburban district of Changchun City, the Nongan County CPC Committee and Government, and the Siping City (Hongzui) agricultural, industrial and commerical joint company introduced their experiences in developing township enterprises.

GAO DI ATTENDS ARMY-CIVILIAN ARMY DAY SOIREE

SK010557 Changchun Jilin Provincial Service in Mandarin 2100 GMT 31 Jul 86

[Text] On the evening of 31 July, the Jilin Provincial and the Changchun City people's governments, the provincial Military District, and the PLA units stationed in Changchun held an Army-civilian soiree at the auditorium of the provincial guesthouse to mark the 59th anniversary of the founding of the PLA.

Before the soiree, the provincial and Changchun City party, government, and military leading comrades, including Gao Di, Gao Dezhan, (Ma Shunting), (Kang Baoren), and Wu Lequn, cordially talked with one another. On behalf of the provincial CPC Committee, the provincial People's Government and the people of all nationalities throughout the province, Comrade Gao di expressed his heartfelt tanks and sincere salutation to the vast number of commanders and fighters of the provincial Military District and the PLA Units stationed in the province who have attended to building the two civilizations and, in particular, those who fought in the forefront to combat floods and do rescue work.

During their conversations, these leading comrades unanimously pledged to enhance their spirit, reinforce their confidence, and make concerted efforts to make new contributions to winning the victory of the struggle gainst floods, to invigorating Jilin Province, and to creating a new situation in revolutionizing, modernizing, and regularizing the Army.

The soiree was presided over by Liu Xilin, secretary general of the provincial People's Government. Wang Jiatong, mayor of Changchun City, spoke at the soiree on behalf of the provincial and Changchun City People's Governments. Wu Lequn, president of the PLA Changchun Veterinary College, also spoke at the soiree on behalf of the provincial Military District and the PLA units stationed in Changchun.

During the soiree, a color feature film "General (Gen Huo)" was shown for the provincial and Changchun City party, government, and military leading comrades; the retired veteran cadres; the PLA commanders and fighters; representatives of the family members of revolutionary martyrs and servicemen; representatives of the disabled and demobilized soldiers; representatives of the soldiers tranferred to civilian work; and representatives of model figures of the provincial and Changchun City organs, who participated in the soiree.

GAO DI INSPECTS FLOOD SITUATION OVER SIPING

SK010437 Changchun Jilin Provincial Service in Mandarin 0930 GMT 31 Jul 86

[Text] This afternoon, the provincial party, government, and military leaders, including Gao Di, Wang Jinshan, Chen Xingyin, and (Zhou Zaichang), inspected the flood situation over Siping City by helicopter. During their inspection tour, they conscientiously inspected the water situation of (Shiguokoumen), the (Xinlicheng), the (Erlongshan), and the (Taipingchi) reservoirs.

When the helicopter circled over (Liujiaguan) Township of Lishu County and (Taiping) Township in Shuangliao County, these leading comrades, altogether, looked at the ground similar to a vast expanse of water with scores of villages being encircled or flooded by water. While on board the helicopter, Comrades Gao Di and other leading comrades, with knitted brows, conscientiously studied ways to combat floods and do rescue work.

When the people at the flood-stricken areas saw the helicopter flying over them, they all waved their hands again and again, and thanked the party and the government for their concern.

UNITED DAILY NEWS ON POSTURE FOR TALKS WITH U.S.

OW311259 Taipei CNA in English 1000 GMT 31 Jul 86

[Text] Taipei, July 31 (CNA) -- The UNITED DAILY NEWS here recently printed an editorial on the upcoming Sino-American trade and tariff talks to be held Aug. 4-8 in Washington, D.C., saying that the Republic of China [ROC] should accept reasonable demands but stand firm in rejecting those demands at variance with the ROC's laws and policies.

With strong pressure from Congress and special interest groups lobbying for protective measures against trade practices they deem unfair, the editorial said, the U.S. representatives are expected to come to the talks with tight fists.

As the country with which the United States suffers its third largest trade deficit, the Republic of China is in no position to ignore the American demands, the editorial argued.

The American demands during this meeting will include reconsideration of automobile export obligations, voluntary restraints on machine tool exports, lower import tariffs, and stepped up purchases from the U.S.

According to sources in the Executive Yuan, a special task force was formed recently to take overall charge of mapping out and coordinating policies for the trade talks.

The editorial suggested that the ROC representatives relay some important messages to their counterparts at the talks. They include:

--That the Republic of China is sincerely considering restructuring its tariff systems and that work to lower import tariffs has already started.

--That restrictions on foreign investments and operations in Taiwan are easing, but that, operations threatening national sovereignty, like the opening of domestic transport to U.S. companies, will be firmly rejected.

--That the Republic of China will not bow to American demands for voluntary restraint of exports if the products in question are not being dumped unfairly in the U.S.

--That the Republic of China is willing to do away with regulations governing export rations and local-content rates.

--That the nation is currently drafting laws for improved protection in intellectual property fights.

MINISTRY ORDERS MORE MARKET-OPENING MEASURES

OW311948 Taipei CNA in English 1431 GMT 31 Jul 86

[Text] Taipei, July 31 (CNA) -- The following is a commentary by the Broadcasting Corporation of China (BCC) in Taipei entitled "Further Opening of Republic of China [ROC] Market."

Acting on the instructions of President Chiang Ching-kuo, the Republic of China's Premier Yu Kuo-hua last week ordered the Ministry of Finance and the Ministry of Economic Affairs to come up with specific measures within two months to resolve the problem of the nation's huge foreign exchange reserves, now surpassing 31 billion dollars.

Yu told the two ministries to work out measures for (1) easing foreign exchange controls, (2) easing restrictions on foreign and Overseas Chinese investment in Taiwan, (3) lifting controls on imports, and (4) lowering import tariffs.

As a matter of fact, the Chinese Government has already taken steps to implement the government policy of economic internationalization and trade liberalization. In the past six months import bans on 83 products have been lifted. The government is considering removing another 170 items from the list of banned imports soon.

At the moment, only 3.9 percent of all the import items are subject to controls or prohibition.

Since September 1983 when the trade liberalization was announced, Free China has lifted import bans or liberalized import restrictions on nearly 2200 items.

Now the pace of trade liberalization is being speeded up in a move to stem the protectionist tide on the part of the Republic of China's trading partners, particularly in the United States.

A couple of days ago, the Finance Ministry's Tariff Rates Screening Committee decided to lower tariffs on textiles and paper products.

Tariffs on silk products will be slashed by 17.5 percent from the present 67.5 percent, those on apparels will be halved to 30 percent, and those on textiles will be cut by 15 percent to 2-25 percent. The new rates will become effective on September 1.

The tariff reductions on these items is expected to reduce the ROC customs revenues by some 60 million dollars in the last four months of this year.

But the dismantling of tariff walls will not stop here. The Ministry of Finance will soon review all tariff rates in excess of 40 percent of the import values. It has decided in principle to reduce these tariffs significantly so that foreign products can be sold in Taiwan more competitively.

The government has pledged to eliminate tariff barriers completely in a number of years. The final target is 5 percent in average on import goals. Then the ROC will become a low-tariff country.

Chinese economists in Taiwan and abroad are in full support for the government's free trade policy. They are even more impatient than government officials. At the recently adjourned National Development Seminar, they urged the government to set a timetable for the implementation of trade liberationalization. They would like to seek all the tariff barriers removed in three to six years time.

Hence there is no question that the ROC Government is opening up the Taiwan market -- and fast.

UK INDUSTRY EXPECTS DAYA BAY TO TURN TO COAL

HK010448 Hong Kong HONGKONG STANDARD in English 1 Aug 86 p 1

[By Sheila Dawes]

[Text] London -- Despite China's avowed intention to go ahead with the Daya Bay nuclear power station some British industrial circles still expect China to announce this autumn that it has abandoned plans to build the controversial Daya Bay nuclear power station.

Their views, first reported in THE STANDARD last November, has gained in strength since the Chernobyl accident and in the light of urgent appeals from Hong Kong people to site the project further away from them.

A coal-fired system will be constructed in place of the nuclear plant, sources suggested, and they pointed out that all work carried out at Daya Bay so far could usefully be incorporated in the new plans.

One businessman who visits China regularly said "China has a cash problem."

He said: "For some time now a coal-fired system has made a lot of sense. I expect China to say that plans for a nuclear plant have been halted following anxiety in Hong Kong and a wish by China only to build a nuclear project after further study has been made of the Chernobyl accident.

"But the main reason for the change will be economic. Coal is much cheaper."

He referred to Chinese communist leaders in Hong Kong and claimed they had already let it be known that they would prefer a nuclear station not to be built at Daya Bay.

Britain's GEC, which won a $250 million order to build the conventional turbine parts of the plant at Guangdong would probably be involved in building the coal-fired system, but Framatone of France who won a contract to build the Pressurised Water Reactors [PWR] were likely to be unlucky, he suggested.

"I doubt if any new nuclear power stations in China will be built by foreign companies. China will build on her own, as it is doing at Quinshen," he said.

Extensive international discussions about nuclear plant safety design and procedures are being arranged by China to ensure that the future projects are as safe as anything in the West.

Several sources suspected that the Guangdong project had shed some of the safety factors as China made a series of tough demands for price-cutting during the tense final months of negotiations for the contracts.

Not only was the Guangdong design likely to be of a design unlicensable in France, but any current French nuclear PWR would be unlicensable in Britain, sources maintained, since Britain's requirements involved "ultra-safe" factors "even before Chernobyl".

Even usually well-informed sources in Britain and Europe have seen only a "fairly sketchy" design of the project.

PRC ASKED TO SIGN INTERNATIONAL RIGHTS PACTS

HK010414 Hong Kong HONGKONG STANDARD in English 1 Aug 86 p 2

[Text] China was advised yesterday to become a contracting party to two international covenants on human rights, which might give Hong Kong some guarantee of protection after 1997.

The advice was made at a seminar held by the Basic Law Consultative Committee in which two visiting Beijing Basic Law drafters took part.

Drafter Mr Wang Shuwen, who is also the director of the Institute of Law in Beijing, promised to pass on the suggestion.

The two pacts are the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural rights, whose prototype is the Universal Declaration of Human Rights (1948).

Britain has been one of the contracting parties since the convenants came into force in 1976. Britain extended the application to cover Hong Kong as well. China is not a signatory of the covenants.

Any violation of the covenant by a contracting party, when reported by another contracting state, may bring the intervention of the Human Rights Committee, an international watchdog on human rights under the auspices of the United Nations.

It was suggested that China also signs an attached document, Optional Protocol to the International Covenant on Civil and Political Rights, so that the Human Rights Committee may even act on reports from individuals under the jurisdiction of the contracting state.

Members of the Consultative Committee also agreed that the spirit and principles of the convenants should be enshrined in Hong Kong law.

Some of the basic principles might be cited [as published] in the Basic Law and details provided by legislation of the Special Administrative Region.

The local courts of law should carry on their role as guardians of human rights and continue to redress injustice, the members said.

They also said the drafters should consider incorporating the International Labour Organisation conventions into the Basic Law. And new articles should be provided to cover the social welfare policy, they added.

DAILY REPORT

China

CONTENTS

Vol I No 149 4 August 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

- Textile Accord 'Disappoints' Producing Countries A 1
- Shanghai, Overseas Publishing Houses Cooperate A 1
- Ethnic Groups Games To Receive IOC, UNICEF Gifts A 2
- Austrian Paper Interviews PRC's Huang Hua [KURIER 31 Jul] A 2
- Commentary on Howe's Mission to Southern Africa [RENMIN RIBAO 31 Jul] A 4

UNITED STATES

- U.S. Resolution on PRC Civil Rights 'Interference' [RENMIN RIBAO 4 Aug] B 1
- Business Magazine To Be Published With U.S. B 1
- Wu Xueqian Meets U.S. Arms Control Agency Head B 2
- Beijing Mayor Welcomes New York City Youth B 2
- XINHUA Views U.S. Drug Abuse, Antidrug Efforts B 3

SOVIET UNION

- Wu Xueqian Comments on Gorbachev's Speech [KYODO] C 1
- Soviet Premier Visits PRC Moscow Trade Fair C 1
  - Models 'Overwhelm' Fairgoers C 2
  - Soviet Paper Lauds Exhibition C 3
- LATE REPORT: Wu Xueqian Remarks on Soviet Policy [KYODO] C 3

SOUTH ASIA

- Nepal Foreign Minister Starts PRC Visit F 1
  - Cited on Objectives F 1
  - Arrives in Beijing F 1
  - Meets With Wu Xueqian F 1
  - Talks With Wan Li F 2
  - Wu Xueqian Speaks at Banquet F 2
  - Meets Vice President Ulanhu F 3
  - Received by Huang Hua F 3

MIDDLE EAST & AFRICA

- XINHUA Analysis of Bush's Middle East Visit I 1
- PRC, Senegal News Services Sign Cooperation Pact I 2
- Beijing Youth Collect Money for African Relief I 2

PRC NATIONAL AFFAIRS

Engineer Interviewed on Safety of Daya Bay [RENMIN RIBAO OVERSEAS EDITION 31 Jul] K 1
Industry Minister on Nuclear Power Safety K 2
Zhao Ziyang Attends Memorial for Nuclear Scientist K 4
  Zhang Aiping Eulogy K 5
Wan Li Addresses National Soft Science Symposium K 8
Top Leaders Attend Army Day Reception 31 July K 11
Wan Li, Others Attend 1 Aug Army Day Gathering K 12
PLA Leaders Inspect Border Defense Units K 12
Army-Wide Discussions on 'Correct Attitude' K 13
Antichemical Warfare Corps Embody Modernization K 13
Air Force Awards Certificates to 400 Pilots K 14
Air Force Fliers Receive Grades, Titles K 14
PLA Increases Research on Defense Strategy [CHINA DAILY 2 Aug] K 15
Customs Brings Smuggling Under Control K 16

PRC REGIONAL AFFAIRS

EAST REGION

Open Policy Helps Jiangsu Economy Flourish O 1
Shandong's Liang Buting Visits PLA Units O 1

CENTRAL-SOUTH REGION

Journal Views Guangdong Economic Development [KAIFANG 8 Jul] P 1
Shantou, Guangdong, Designated Entry, Exit Port P 3

NORTH REGION

Ni Zhifu Speech on Spiritual Civilization [TIANJIN RIBAO 22 Jul] R 1

HONG KONG MEDIA ON CHINA

CHENG MING on 'Spy Wars' Between Superpowers [1 Aug] W 1

TEXTILE ACCORD 'DISAPPOINTS' PRODUCING COUNTRIES

OW020858 Beijing XINHUA in English 0645 GMT 02 Aug 86

[Text] Geneva, August 1 (XINHUA) -- Many textile-producing developing countries are disappointed with a preliminary agreement for a five-year extension of the main international pact governing trade in textiles and clothing.

China has expressed reservations about the new Multi-Fibres Agreement (MFA), completed today by the Textiles Committee of the General Agreement on Tariffs and Trade (GATT). The agreement, which renews and expands the old agreement a day after its expiration date, has now gone to capitals of the world for signing.

The renewal comes after nearly two weeks of bitter bargaining between importers, led by the United States, and low-cost producers. Due to U.S. pressure for all natural fibers to be brought under the MFA, the new pact extends arrangement to cover all natural fibres to be brought under the MFA, the new pact extends arrangement to cover all natural fibres except pure silk. Trade in fibres such as ramie and flax will now be restricted. China is the world's largest producer of Ramie, a fiber often used in sweaters. To date, the MFA has regulated cotton, wool, synthetic fibres and blends.

In addition, the new MFA also gives textile importers the freedom to impose two-year restrictions on textile imports in the event of a trade conflict with a producing nation. Only one-year restrictions were allowed in the past. The move upset delegates from developing countries, who have long demanded looser restrictions on their products and hope for the eventual elimination of such restrictive pacts.

The Indian representative said he was disappointed with the new MFA, and expressed reservations about extending the arrangements to include all natural fibres except silk. He charged that the MFA's restrictions contradict GATT's free trade stance.

Tang Yufeng, representative of China, also expressed his disappointment. In a statement, he said that the new pact "represents to a certain extent a retrogression from the objective of the MFA to progressively liberalize trade in textiles and clothing." The extension of coverage not only "opens a wider scope for more restrictions on the textile area, but will also have an adverse effect on the process of the new round of multilateral trade negotiations," he added.

Tang expressed China's disappointment with the extension of the MFA to cover more fibres, saying that "careful examination will be given to the text of the protocol before China decides whether to sign it or not." Like his Indian counterpart, the Brazilian delegate said the expansion of the MFA deviates from GATT's principles and he called for free trade in textiles. The committee opened the Geneva meeting July 21 and took until today to reach an agreement, eight days longer than scheduled.

SHANGHAI, OVERSEAS PUBLISHING HOUSES COOPERATE

OW030829 Beijing XINHUA in English 0638 GMT 3 Aug 86

[Text] Shanghai, August 3 (XINHUA) -- Shanghai's publishing houses have cooperated with overseas presses to publish over 70 titles since 1982. The 23 publishing houses in Shanghai have partners in Britain, Japan, the United States, Yugoslavia, the Federal Republic of Germany and Hong Kong.

They have jointly published dictionaries, pictorials, children's readings, textbooks, and literature, history, economics and tourism books. The book "Five Thousand Years of Chinese Apparel", jointly published by Shanghai and Hong Kong publishing houses, won prizes in the United States and the German Democratic Republic in 1984. It has been translated into English, German and French. Another popular book is "The Chinese Porcelain", in 34 volumes, jointly published by Shanghai and Japanese publishing houses.

Shanghai has adopted flexible methods to cooperate with overseas presses. Some books have been published in China while their overseas editions are printed in Hong Kong and elsewhere. Some titles have been selected and determined by both sides, and compiled by Shanghai and published by overseas partners. Some are compiled by the overseas side and published and distributed by Shanghai in China and abroad. Shanghai publishing houses have held various book exhibitions in foreign countries and Hong Kong and Macao, and opened joint-venture bookstores.

ETHNIC GROUPS GAMES TO RECEIVE IOC, UNICEF GIFTS

OW031536 Beijing XINHUA in English 1410 GMT 3 Aug 86

[Text] Urumqi, August 3 (XINHUA) -- The International Olympic Committee [IOC] and the United Nations Children's Fund have decided to send gifts to the upcoming third Chinese national minority nationality traditional sports games starting in mid-August, according to the local organizing committee today.

The IOC's gift will be a commemorative trophy, worth 4,500 renminbi yuan (about 1,200 U.S. dollars). During his visit to China earlier this year, IOC President Juan Antonio Samaranch took great interest in the Chinese ethnic groups sports games scheduled to be held from August 10 to 17 in Urumqi, the capital city of the Xinjiang Uygur Autonomous Region.

The IOC president said the Chinese ethnic groups sports games is unparalleled in the world. In a letter to the local organizing committee, the UNICEF said that it will send 100,000 renminbi yuan (about 27,000 U.S. dollars) to the committee for the purpose of propagating the welfare of children during the games and for manufacturing the sportswear for Chinese ethnic group athletes.

AUSTRIAN PAPER INTERVIEWS PRC'S HUANG HUA

AU311154 Vienna KURIER in German 31 Jul 86 p 5

["Exclusive" interview given by former PRC Foreign Minister and "Mao's friend" Huang Hua to KURIER reporter Heinz Nussbaumer; date, place not given]

[Text] KURIER: It is said that there is a "magic triangle" in world politics: America, the Soviet Union, China. In this triangle...

Huang: ...Well, I would like to say something basic on that. I do not believe that our world is reflected in the form of a triangle. In reality there are many more corners than only three.

KURIER: How many are there in China's opinon?

Huang: Well, certainly America and the Soviet Union. Then at least Europe too, or to put it better, the EC. Then Japan, different in its way from America and Western Europe. And finally the bloc of the developing countries -- China is only one of them.

KURIER: You are really selling yourself short!

Huang: No, no (laughs). We know our true weight and our true limits. I prefer not to illicitly simplify the complicated world situation by continuously thinking about triangles, rectangles, or other polygons. New poles are steadily emerging and other disappear again.

KURIER: Let us talk about relations between the two communist powers, the Soviet Union and China. Has there been anything new since Gorbachev assumed office?

Huang: Yes. More trade, a greater exchange of visitors, more cultural relations. These areas are now expanding.

KURIER: And what about politics?

Huang: Well, frankly, so far I have not seen any evidence of a change in the Soviet attitude. I list three examples: We asked Moscow to withdraw its occupation troops from Afghanistan; we called on the Soviet Union to stop supporting the Vietnamese in their aggresion against Cambodia; we demanded the withdrawal of Soviet Troops from Outer Mongolia. This country only has two neighbors the USSR and China.

KURIER: Did I understand you correctly: Are the fulfillment of these three demands China's conditions for normalizing relations with the USSR?

Huang: You say conditions, I say: These are the principles on the basis of which relations between the two countries can be improved. Moscow tells us that it cannot talk with us about the aforementioned problems. This concerns the interests of third countries. We see this just the other way around: Because the USSR has such a decisive influence on the interest of other countries -- such as Afghanistan -- a solution must be found.

KURIER: Beijing will soon be facing a major change of guard: Strongman Deng Xiaoping has announced his resignation. From China's history one could draw the conclusion that a certain policy has hardly ever survived the man who created it. Is the "course of opening up" now threatened?

Huang: I have every reason to believe that continuity is ensured. There are many reasons for that.

KURIER: Such as?

Huang: First, and this is the most important one, because the people want this policy. Second, because today we have younger, more experienced, and better educated politicians in the party and in the administration, who are all sworn followers of this policy of opening up. And third, for quite some time Deng has been trying not to interfere in China's daily affairs; he is 82 years old and only works as much as necessary. Does our policy change because of that? Not at all!

KURIER: ... Because everyone in China knows that in spite of his conserving his strength, Deng Xiaoping will still be there in case of an emergency ....

Huang: Well, that is true!

KURIER: As the first Chinese ambassador to the United Nations and later as foreign minister you managed your homeland's breakaway from international isolation ....

Huang: Not really. That was the work of Mao Zedong and Zhou Enlai. I was nothing.

KURIER: Once more this Chinese modesty ....

Huang: But in my case the limits are much clearer than those I mentioned before in assessing my homeland: Only weaknesses, and hardly any weight (laughs cheerfully).

COMMENTARY ON HOWE'S MISSION TO SOUTHERN AFRICA

HK020526 Beijing RENMIN RIBAO in Chinese 31 Jul 86 p 6

["Commentary" by reporter Li Yunfei: "Howe Returns Empty-handed From Southern Africa"]

[Excerpts] London, 30 Jul — [passage omitted]

In his capacity as chairman of the European Economic Community Council and entrusted by the 12-nation EEC, Sir Geoffrey Howe began his mission to Southern Africa early this month. In the first stage of the trip in early July, he visited the three Southern African frontline states of Zambia, Zimbabwe, and Mozambique, and returned almost empty-handed. During the second phase of the trip, which started on 22 July and ended yesterday, he went to Zambia, Botswana, Swaziland, and Lesotho, and visited South Africa twice. His mission was to convince the South African authorities to release the black leader Mandela, lift the ban against the African National Congress, and hold political dialogues with black leaders. Since Britain has to this day opposed sanctions against South Africa, it can be said that he went empty-handed and thus people believe that this mission was doomed to fail right from the very beginning. Results of the second phase of the mission could be said to be worse than that of the first. [passage omitted]

While public opinion here believes that Sir Georffrey Howe's mission is finished, he personally indicated that as long as the EEC wishes, he could still return to South Africa. News from 10 Downing Street said that since Sir Geoffrey Howe's trip to South Africa, there are still 2 months before the deadline set by the EEC expires, and therefore, patient efforts should be continued. A few days ago, Prime Minister Margaret Thatcher indicated that, if necessary, she would personally go talk to Botha in South Africa. However, the prime minister's office said that there are no such plans at the moment. Public opinion holds that even if pressured, Britain will only agree to adopt some selective sanctions and will object to total sanctions against South Africa. Labor Party Leader Kinnock acccused the government of resorting to "delay tactics" Nevertheless, the question is how much longer than can be a delay.

U.S. RESOLUTION ON PRC CIVIL RIGHTS 'INTERFERENCE"

HK040403 Beijing RENMIN RIBAO in Chinese 4 Aug 86 p 6

["Short" commentary: "An Unfriendly Gesture"]

[Text] On 1 August, the Foreign Affairs Committee of the U.S. House of Representatives adopted the so-called "resolution," urging China to improve "civil rights." The resolution completely harped on the same theme, attacking China's family planning. It went so far as to say that if China "guarantees to respect the inseparability of families, "Sino-American relations would improve. The resolution also pretentiously wanted China to gurarantee freedom of the press, of religious belief, of assembly, of travel, and so on. It is absolutely clear that what the resolution says is out-and-out interference in China's internal affairs. What right has the U.S. House of Representatives Foreign Affairs Committee to make indiscreet criticisms and issue orders? Its arrogant interference in China's internal affairs is a very unfriendly attitude toward China.

All unbiased people have seen that in recent years the Chinese people have fully enjoyed various rights of democracy and freedom guaranteed by our country's Constitution, including freedom of the press, of religious belief, of assembly, of travel, and so on. In the meantime, our country's government is further improving the legal system so that the people's rights of democracy and freedom will be truly protected by law. It is obvious to all that China has scored tremendous achievements in family planning. Many people of insight in the world have successively praised China for its contributions not only to the country itself, but also to the solution of the population world problem. Some people in the U.S. House of Representatives Foreign Affairs Committee went so far as to disregard this fact. This action has precisely created an obstacle to the improvement of Sino-U.S. relations.

The parliament of a country may discuss various world affairs connected with the country. However, it has no right at all to interfere in other countries' internal affairs. As far as the question of civil rights is concerned, countries with different social systems have different views on it. To us, considerable criticisms can be made with regard to the question of civil rights in the United States. If the relevant committe under the Chinese NPC adopted a similar resolution, what would the U.S. Government and public think of it? We hold that some gentlemen in the U.S. House of Representatives Foreign Affairs Committee should value friendly relations between China and the United States, and refrain from doing anything detrimental to the friendship of the peoples of the two countries.

BUSINESS MAGAZINE TO BE PUBLISHED WITH U.S.

OW290012 Beijing XINHUA in English 2358 GMT 29 Jul 86

[Text] New York, July 29 (XINHUA) -- The U.S. Mcgraw-Hill Company announced today that it has reached an agreement with China to jointly publish a Chinese language business magazine -- INTERNATIONAL BUSINESS AND MANAGEMENT.

The New York-based firm, one of the world's leading publishing houses, said the new publication will consist of articles translated from its magazines, including BUSINESS WEEK.

The first edition is expected to roll off the presses by the end of this year. The Chinese company in the joint venture is the China Foreign Economic Relations and Trade Publishing House.

John W. Patten, executive vice president of McGraw-Hill, said that the joint venture "reflects the growing importance of China in the world's economy and the desire to create a better understanding and closer relationship between Chinese companies and the overseas business community."

WU XUEQIAN MEETS U.S. ARMS CONTROL AGENCY HEAD

OW310954 Beijing XINHUA in English 0937 GMT 31 Jul 86

[Text] Beijing, July 31 (XINHUA) -- Wu Xueqian, Chinese state councillor and minister of foreign Affairs, met Kenneth Adelman, director of the U.S. Arms Control and Disarmament agency, here this afternoon.

Vice-Foreign Minister Qian Qichen discussed disarmament issues with Adelman yesterday afternoon and this morning.

The U.S. official arrived July 29 and is scheduled to leave here tommorow to tour Xian, Guilin and Guangzhou before going home.

BEIJING MAJOR WELCOMES NEW YORK CITY YOUTH

OW11718 Beijing XINHUA in English 1407 GMT 1 Aug 86

[Text] Beijing, August 1 (XINHUA) -- "I extend my warm welcome to you American 'junior ambassadors'. I hope you come to Beijing again and make contribution to friendship between China and the United States."

This welcome was expressed by Beijing Mayor Chen Xitong when he met 16 12-year-old baseball players from New York City at the City Hall here today.

At the meeting, the young Americans, now on a visit to China for the first time, presented their baseball sportswear to the mayor who, in return, gave each player the Chinese handicraft "panda"

Beijing established sister city ties with New York City in Febrauary 1980. The New York City youth team's current visit in Beijing is the second leg of the New York-Tokyo-Beijing Nanshiki baseball friendship series under the auspices of Edward Koch, mayor of New York City. Prior to its visit to Beijing, the New York City Youth team had eight matches with its counterparts in Tokyo.

The American baseball players will play three friendship matches is Beijing on August 1 and 2.

XINHUA VIEWS U.S. DRUG ABUSE, ANTIDRUG EFFORTS

OW031455 Beijing XINHUA in English 1346 GMT 3 Aug 86

["Round-up: Drug Abuse and Anti-Drug Efforts in U.S. (by Bao Guangren)" -- XINHUA headline]

[Text] Washington, August 2 (XINHUA) -- Drug abuse, a heinous devil haunting Americans for decades, has again become a topic discussed by millions of individual American families, even the White House and Capitol Hill after the recent cocaine-related deaths of two athletes, basketball player Len Bias from the University of Maryland and Cleveland Browns defensive back Don Rogers.

A U.S. Information Agency official said he was lucky that his son and daughter, two college graduates, are not addicted to drugs while many of his friends do worry about their children. He said he just didn't understand why, while the old people are giving up smoking, the younger generation is picking up a more dangerous form -- taking drugs. He is just one of the millions of parents in the United States who fear that the new generation will be ruined by drugs.

The seriousness can be sensed from a Senate hearing on July 15 when a 29-year-old man said he earned as much as 200,000 dollars a year and spent almost all on drugs. He said he has seen "crack" users spend all their savings. lose their homes, sell their furniture, TV sets and radioes and, in the cases of women, offer their bodies -- all for more "crack."

The serious problem even forced House leaders, who have been complaining about government over-expenditure, to table a comprehensive anti-drug bill on August 1 which would cost nearly one billion dollars a year over the next five years, and vow to spend whatever is needed to reduce drug abuse.

The White House was also worried by this problem. President Ronald Reagan stated on July 30 that those who smuggle and sell drugs in the country "are as dangerous to our national security as any terrorist or foreign dictatorship." He said that now is time to show drug users that "we mean to reach our goal of a drug-free generation in the United States." To show how sincere the government is about the anti-drug movement, White House spokesman Larry Speakes announced later that Reagan's speech is a "warm-up" for a national campaign he will launch next week to fight drugs.

Once a street menace, the nations's news media said, narcotics have turned into a national security threat and the country's No 1 menace. Television announcers even declared drugs a much more dangerous evil than terrorism.

A few figures may be more convincing: According to press reports, Americans now consume 60 percent of the world's production of illegal drugs. An estimated 20 million are regular users of marijuana, four million to eight million more are cocaine abusers and 500,000 are heroin addicts.

Drugs are described as "flooding" the whole country. This year alone, more than 12 tons of heroin, 65 tons of marijuana and 150 tons of cocaine will spread across the country. It is no exaggeration to say that it is hard to find a drug-free zone in the country. Sales of illegal narcotics total 100 billion dollars annually, more than the total net sales of General Motors.

Studies by the National Institute on Drug Abuse find that 30 percent of all college students use cocaine at least once before they graduate; up to 80 percent of all Americans will try an illicit drug by their mid-20s; by the time of their graduation, two thirds of the high school students have at least tasted drugs. The institute concluded that the nation's high-school students and other young adults have been involved with illicit drugs much deeper than those found in any other industrialized country in the world.

Drugs are sickening and killing people in record numbers. Between 1981 and 85, cocaine-related deaths in 25 major metropolises in the United States more than doubled and cocaine-related emergency-room visits tripled. In 1985 alone, in these cities, 1,263 people died of heroin, 613 died of cocaine and 194 died of PCP, another kind of drug.

Drug is also related to other kinds of crimes such as robbery, rape and burglary. Two thirds of the crime suspects tested in recent years in Washington, D.C., had used narcotics during the days before their arrest.

However, drugs are not just related to the poor and black, they involved people from the middle class and even the rich. According to local reports, drug abuse stretch from the nation's individual households to the House of Representatives, from Washington to Hollywood. First Lady Nancy Reagan admitted that drug abuse "crosses all party, color and economic lines."

Measures to deal with the evil have been taken by the government, but they are not effective enough.

Congress passed law against drug abuse a long time ago. In 1984 alone, drug-related arrests totalled 700,000. Everyday, about 2,000 people are arrested in the country under the charge of drug abuse. The average sentence length for federal drug offenses has been extended to about five years and a half since 1980.

Nevertheless, the average sentences served by state drug violators are only 15 months because of the over-population in prisons, where many terms must be cut short to make room for new inmates.

In New York, 56,000 drug dealers were arrested last year but only 5,000 of them stayed more than one night in prison. Many of the drug dealers have been arrested and released for a couple of times.

People critical of the government complained that the government lacks plans to control drugs, punish drug users, help those addicted get rid of them and persuade people not to use drugs. They said the government lacks effective steps and the determination to curb drug supply from its source.

It is a known fact that cutting off drug supply is a thorough way to eradicate drugs in the country. However, since drug abuse is one of the obstinate illness of the country for decades and drug trafficking and dealing are very lucrative trade, it will not be very easy to root out the heinous evil thoroughly from the country.

WU XUEQIAN COMMENTS ON GORBACHEV'S SPEECH

OW041127 Tokyo KYODO in English 1124 GMT 4 Aug 86

[Text] Beijing, Aug 4 KYODO -- Chinese Foreign Minister Wu Xueqian said Monday China is carefully studying Soviet leader Mikhail Gorbachev's call for improved ties with Beijing.

Wu told Japanese reporters China has maintained a principled stance to normalize relation relations with the Soviet Union.

Wu reaffirmed China's call on Moscow to remove what it calls three major obstacles -- a high level of troops on the Sino-Soviet border and in Mongolia, the Soviet presence in Afghanistan and Soviet support for Vietnamese aggression in Kampuchea.

The foreign minister said China has paid attention to Gorbachev's speech in the Far Eastern port city of Vladivostok on July 28. Wu said the Gorbachev plan is now under study and China has nothing to say more about it.

In the Vladivostok speech, Gorbachev pledged a partial reduction in Soviet troops in Afghanistan and called for an improvement in Sino-Soviet ties. He also proposed holding a forum on Asian-Pacific security, possibly in Hiroshima.

SOVIET PREMIER VISITS PRC MOSCOW TRADE FAIR

OW021452 Beijing XINHUA in English 1444 GMT 2 Aug 86

[Text] Moscow, August 2 (XINHUA) -- Soviet Prime Minister Nikolay Ryzhkov today visited the first economic and trade exhibition held by China in the Soviet Union since 1953.

Ryzhkov, accompanied by Secretary of the Communist Party Central Committee Vadim Medvedev, Foreign Trade Minister Boris Aristov and Vice Foreign Minister Mikhail Kapitsa, watched the exhibits and inquired about their functions and specifications.

The Soviet premier also watched a Chinese silk garments fashion show at the fair.

After the visit, Ryzhkov wrote in the visitors' book: "The exhibition reflects the achievements attainded by the Chinese people in industry, agriculture, science and techonology, which testify to China's progress in socialist construction and in raising the living standard of the Chinese people. Holding exhibitions in each other's country will not only help expand the mutually beneficial economic and trade cooperation, but will further mutual understanding and friendly ties between the peoples of the Soviet Union and China. I wish the great Chinese people success in their socialist construction."

The Chinese exhibition, which opened on July 25 and is scheduled to close on August 10, displays more than 4,000 exhibits in the 2,500-square-meter hall. They include lathes, generators, light industrial machines, satellite technology, chemical and electronic products, household electrical appliances, textiles, fashions and food from 27 Chinese ministries and trading companies.

Models 'Overwhelm' Fairgoers

OW011210 Beijing XINHUA in English 0658 GMT 1 Aug 86

["Feature: Chinese Fashion Models a Hit at Moscow Fair (by Zhang Mengyi)" -- XINHUA headline]

[Text] Moscow, August 1 (XINHUA) -- Fairgoers in Moscow are being overwhelmed by the graceful Chinese models staging fashion shows that add a touch of splendor to the first wholly Chinese trade exhibition in the Soviet Union in 33 years.

With sedate, gentle, easy and poised manner characteristic of oriental women, the charming Chinese models are presenting 132 pieces of clothing in typical and distinct national costumes, new fashions and ceremonial dresses. The ingenious workmanship is by Chinese designers from Shanghai, Jiangsu, Liaoning, Zhejiang and Guangdong, who have carefully prepared for the "new silk road" fashion shows.

Women visitors to the fair at the exhibition ground in Sokolnikiy park have been dazzled by the display of diversified chic and gaily colored silk garments featuring a soft texture and elegant style.

"The shows are really wonderful," one remarked. "It looks as if the visitor were ushered into a fairyland and ocean of colors and beautifulness."

Many fairgoers, writing comments in the visitors' books, say the shows reflect the new aspects and distinctive features of the Chinese people. Some believe the fashion shows circumvent those of the West with a mixture of characteristic national flavor and life in modern times.

The number of visitors has doubled almost daily since the first day of the shows, parts of which have been broadcast on Soviet television.

Daily attendance at the fair has exceeded 20,000 since the trade exhibition, the first of its kind held by China since 1953, opened a week ago.

There are more than 4,000 exhibits in the 2,500-square-meter hall, including lathes, generators, light industry machines, satellite technology, chemical and electronic products, household electrical appliances, textiles, fashions and food from 27 Chinese ministries and trade companies.

The exhibits reflect China's achievements of the past few years.

One fairgoer wrote in the visitors' book how he admires the fascinating display, which may help people view what is going on in China in a new, different light.

A Soviet expert who once worked in China for three years wrote that the accomplishments China has made in the past 30 years are unimaginable. "We now see an entirely new China through the exhibition," he said.

Soviet Paper Lauds Exhibition

OW020415 Beijing XINHUA Domestic Service in Chinese 1415 GMT 1 Aug 86

[Text] Many Soviet spectators Lingered at the Chinese economic-trade exhibition held in Moscow's (Sokolnikiy) Park, reluctant to leave. They were fascinated by the vitality of China's economy as reflected in those exhibits.

These are the words of a 31 July KOMSOMOLSKAYA PRAVDA report by reporter (Pratkovskiy) on the Chinese economic-trade exhibition. The report says: China has achieved considerable industrial and agricultural growth and is producing the most modern products. They include electronic computers of all kinds -- from pocket calculators for personal use to high-power electronic computers. This is undoubtedly one of the indicators of the level of economic development. The growth rate of some commodities is extremely fast. For instance, the output of color television sets in 1985 was more than 100 percent over that in 1984.

The report says: China's commodities have successfully entered the international market. The exhibition convincingly shows that the quality of the products of many economic departments in China is up to the international standard. Here is an example: The catalogue introducing products to foreigners shows more than 100 types of scissors. The most fastidious customer can be satisfied with the availability of of any type of scissors he wants.

The report also says: The characteristics of light industrial products are good quality, new variety, and strong aesthetic appeal. Of course, commodities for women are especially so. After watching the fasion show stages by China Silk Textile Corporation's models, a woman exclaimed: "Simply captivating!"

LATE REPORT: WU XUEQIAN REMARKS ON SOVIET POLICY

OW041453 Tokyo KYODO in English 1448 GMT 4 Aug 86

[Excerpts] Beijing, Aug. 4 KYODO -- China's Foreign Minister Wu Xueqian told a Japanese conservative politician Monday China is still not sure that the Soviet Union has abandoned a hegemony-seeking global strategy. Wu told Susumu Nikaido, the former vice president of Japan's ruling Liberal-Democratic Party, that China could not find any shift in Soviet strategy despite Kremlin leader Mikhail Gorbachev's peace initiatives late last month. China, however, is still analyzing Gorbachev's speech in Vladivostok on July 28, Wu was quoted as saying. [passage ommited]

Japanese Dietman Yoshiro Hayashi, a member of Nikaido's entourage, briefed Japanese reporters about the meeting and quoted the Chinese foreign minister as saying China sees something fresh in Gorbachev's vladivostok speech. [sentence as received]

Nikaido, who lost the LDP vice presidency last month after Prime Minister Yasuhiro Nakasone formed a new cabinet and reshaped the party lineup, went into discussions hours after arriving in Beijing for a five-day visit to China. Wu told Nikaido that China and the Soviet Union will not resotre the monolithic relationship they had in the 1950s even is Sino-Soviet ties are normalized. This would be true even if Moscow removed the three major obstacles to improved realtions with China -- a high level of troops on the Sino-Soviet border and in Monogolia, and the Soviet presence in Afghanistan and Soviet support for Vietnamese aggression in Kampuchea -- Wu was quoted as saying.

TEXT As the reason for this, Wu stressed China's determination to maintain independent diplomacy, Hayashi said. The Chinese foreign minister was further quoted as saying that Gorbachev's overtures to China are ambiguous and that he cannot say at this time how effective the Asia-Pacific peace plan will be, he said.

Nikaido, the top aide of former Prime Minister Kakuei Tanaka, will meet strongman Deng Xiaoping and Communist Party General Secretary Hu Yaobang at the summer resort of Beidaihe on Tuesday.

NEPAL FOREIGN MINISTER STARTS PRC VISIT

Cited on Objectives

OW301301 Beijing XINHUA in English 0939 GMT 30 Jul 86

[Text] Katmandu, July 30 (XINHUA) -- Nepalese Foreign Minister Sailendra Kumar Upadhyaya will discuss with Chinese leaders different areas of cooperation during his week-long visit to China beginning tomorrow, "THE RISING NEPAL" reported today. Talking to the Nepalese newpaper, Upadhyaya said his visit will help develop the friendship and explore possibilities to further the economic and trade ties between Nepal and China.

The Nepal-China economic cooperation encompasses areas ranginng from road construction to hydroelectric projects and from the setting up of industries to water conservancy.

Meanwhile, according to official sources, there is great scope for Nepal to further increase trade with China inclusing its Tibet Autonomous Region. Nepal and China set up an inter-governmental economic and trade committee in 1983 which oversees economic and trade cooperation between the two countries. It meets every years in the capitals of the two countries alternately.

Arrives in Beijing

Beijing XINHUA in English 1007 GMT 31 Jul 86

[Text] Beijing, July 31 (XINHUA) -- Shailendra Kumar Upadhyaya, minister of foreign affairs of Nepal, and his party flew in here this afternoon for a week-long goodwill visit to China at the invitation of Chinese State Councillor and Foreign Minister Wu Xueqian. They were greeted at the airport by Chinese Vice-Minister of Foreign Affairs Liu Shuqing.

Wu Xueqian Meets With

OW011004 Beijing XINHUA in English 0754 GMT 01 Aug 86

[Text] Beijing, August 1 (XINHUA) -- Chinese Foreign Minister Wu Xueqian confers with his Nepalese counterpart, Sailendra Kumar Upadhyaya here today. The two foreign ministers exchanged views on the further development of Sino-Nepalese relations, expansion of bilateral trade and economic and technical cooperation, and on international issues of common concern.

Wu, also a state councillor, said, China and Nepal are good neighbours and China attaches great importance to the strengthening of Sino-Nepalese relations and its cooperation with Nepal in economic, cultural and other fields. He expressed his thanks to Nepal for the country's support to and cooperation with China in international affairs.

Upadhyayas said that his country appreciated China's efforts for safeguarding world peace, establishing a new international economic order and developing its own economy.

Before the talks, Wu and Upadhyaya signed and agreement between the Chinese and Nepalese Government on trade, intercourse and related questions between the Tibet Autonomous Region of China and Nepal.

Talks With Wan Li

OW011127 Beijing XINHUA in English 1024 GMT 1 Aug 86

[Text] Beijing, August 1 (XINHUA) -- Chinese Vice-Premier Wan Li said here today that China firmly supports Nepal's proposal of declaring Nepal a zone of peace. At a meeting with the visiting Nepalese Minister of Foreign Affairs Sailendra Kumar Upadhyaya this afternoon, Wan said China and Nepal share a desire of safeguarding world peace, hoping for a peaceful international environment to build up their countries, developing national economy and improving people's life.

Wan extended his welcome to Upadhyaya who is visiting China as the first country he has ever visited since he assumed the post as foreign minister. Wan said, China and Nepal are good neighbours with a long history of friendly contacts.

August 1st is the exact 31st anniversary of the establishment of the Sino-Nepalese diplomatic relations. The Chinese vice-premier said that since the very beginning of the diplomatic relations, the cooperation and friendship between the two countries have developed more and more closer.

He expressed his conviction that with the development of economy of the two countries, the Sino-Nepalese trade and relations in other fields would surely achieve even greater progress.

Upadhyaya said, China is a big country while Nepal is a small one, but the two countries are close and old friends. The bilateral relations have developed consistently on the basis of the five principles of peaceful coexistence.

Wu Xueqian Speaks at Banquet

OW011540 Beijing XINHUA in English 1425 GMT 1 Aug 86

[Text] Beijing, August 1 (XINHUA) -- Chinese Foreign Minister Wu Xueqian and his Nepalese counterpart Sailendra Kumar Upadhyaya both expressed satisfaction at the constant development of friendship and cooperation between the two countries here tonight.

Speaking at a banquet in honor of Upadhyaya, Wu, who is also state councillor, said that over the past 31 years since the establishment of diplomatic ties, friendly relations and cooperation between China and Nepal have developed steadily thanks to the care of the leaders of the two countries and the joint efforts of the two governments.

He noted that the two countries always treat each other as equals, respect and trust each other and work in sincere cooperation. He expressed the conviction that broad prospects are in store for Sino-Nepalese relations.

Upadhyaya said that there were excellent friendship, mutual understanding and fruitful cooperation between the two countries, adding that "there exists hardly any problem." He said exchange of visits at the highest levels between the two countries have helped both sides to better understand and appreciate each other's problems and aspirations as well as to consolidate further the strong bonds of friendship and cooperation.

He thanked China for supporting Nepal's proposal to declare Nepal as a zone of peace. "Nepal and China hold similar or identical views on many international issues like Afghanistan, Kampuchea, the Middle East, Iran-Iraq war, apartheid, disarmament and establishment of a new international economic order." he added.

Meets Vice President Ulanhu

OW020904 Beijing XINHUA in English 0725 GMT 02 Aug 86

[Text] Beijing, August 2 (XINHUA) -- Chinese Vice-President Ulanhu met with Nepalese Minister of Foreign Affairs Sailendra Kumar Upadhyaya here this morning at the Great Hall of the People.

Ulanhu said the Sino-Nepalese friendly relations have always developed very well because it has a good and solid foundation and have stood the test of time. He said continued development of the friendly relations and cooperation is in keeping with the common desire and interest of the two peoples and conducive to peace in Asia.

The Chinese vice-president said the Chinese Government and people support Nepal's efforts in safeguarding national independence and developing national economy.

Ulanhu asked Upadhyaya to convey President Li Xiannian's best regards as well as his own to King Birendra Bir Bikram Shah Dev and Queen Aishwarya Rajya Laxmi Devi Rana of Nepal, inviting them to visit China at a time convenient to them.

Upadhyaya said, since the two countries established diplomatic relations in 1955, the bilateral relations have made new progress. Nepalese leaders cherish very much the Nepal-China friendship and will continue their efforts to promote the friendship, he said. He said, the prosperity of China is conducive to the world and the Nepalese people are following closely the political and economic reform in China.

Received by Huang Hua

OW030625 Beijing XINHUA in English 0606 GMT 3 Aug 86

[Text] Beijing, August 3 (XINHUA) -- Huang Hua, vice-chairman of the Standing Committee of China's National People's Congress, met Nepalese Minister of Foreign Affairs Sailendra Kumar Upadhyaya and his party here this morning.

Upadhyaya and his party are leaving Beijing this afternoon for a tour of Xian and Guangzhou.

During their four-day stay in Beijing, they paid respects to Chairman Mao Memorial Hall, visited at T.V. set factory and toured the Palace Museum and the Great Wall.

Yesterday evening, Nepalese Ambassador to China Guna Shumshere Jung Bahadur Rana gave a banquet on the occasion of Upadhyaya's visit to China. Chinese State Councillor and Foreign Minister Wu Xueqian attended.

XINHUA ANALYSIS OF BUSH'S MIDDLE EAST VISIT

OW030818 Beijing XINHUA in English 0754 GMT 3 Aug 86

["News analysis: Jordan Says 'No' to Bush on Direct Talks With Israel (by Rui Yingjie)" -- XINHUA headline]

[Text] Amman, August 3 (XINHUA) -- U.S. Vice-President George Bush in his three-day visit to Jordan ending Saturday failed in his attempt to persuade King Husayn into starting direct talks with Israel on a Mideast peace settlement.

Since the 1978 Camp David Accord between Israel and Egypt, American and Israeli strategists have tried to get Jordan to part company with the Palestine Liberation Organization (PLO). Were that to happen, they feel, Israel could reach a separate agreement or open direct talks with Jordan and some Palestinians from the occupied West Bank.

It is no secret that Israel has been trying to get Jordan to become a second Egypt, and the Americans have been collaborating closely with the Israelis in these efforts. One conspicuous move to pressure on Jordan was made last October when the U.S. Senate decided to postpone indefinitely proposed U.S. military aid to Jordan totalling 1.9 billion U.S. dollars. A statement was issued saying that the Senate would not give the green light unless Jordan agreed to direct negotiations with Israel. Jordan refused to bow. And now, a fresh move has been taken by the Americans and the Israelis. The U.S. vice-president announced before setting foot in Jordan that he "would like to see King Husayn have direct negotiation with the State of Israel."

When Bush arrived in Amman he brought with him "new ideas" from Israeli Prime Minister Shim'on Peres. But the "new ideas" were brushed aside as "nothing new" by Jordanian Prime Minister Zayd al-Rafa'i Saturday morning after meeting with Bush. Al-Rifa'i told the press flatly that "it is not the first time for Israel to ask Jordan for direct talks."

Observers here note that the Americans and Israelis probably believe that it is high time for a fresh move. The U.S. took it as a signal when Jordan closed down most of the PLO offices in Amman early last month. The latest dialogue between Moroccan King Hassan and Israeli Prime Minister Shim'on Peres was viewed as a timely occurrence that might encourage direct talks between King Husayn and Peres. Jordan has never been closer to the direct negotiation table, hence Bush's Middle East tour and Peres's "new ideas."

In any event, Jordan has to re-evaluate the situation in the Middle East. King Husayn has not renounced his support for the PLO although he did close down most of the PLO offices in Jordan. The fact that Peres said two no's to Morocco's King Hassan -- no to withdrawal from the occupied territories and no to recognition of the PLO -- helped King Husayn to make up his mind to say no to the U.S.-Israel call for direct talks. The Jordanian monarch apparently feels that Peres would not return even a single inch of occupied land to Jordan even if direct talks were held.

King Husayn told the press that he had squarely ruled out the possibility of direct talks with Israel. He made this statement just as Bush was being presented in Jerusalem with a memorandum from representatives of the Palestinians in West Bank that declared the PLO as the sole legitimate representative of ther Palestinian people.

The king reaffirmed his position when he met with George Bush. Jordan's position contained two main points. First, peace in the Middle East could be achieved only through an international conference attended by all parties involved in the Arab-Israeli conflict and held under UN auspices. Secondly, individual initiatives and partial solutions could never contribute to a just and lasting settlement to the Palestine problem and a durable peace in the region.

Despite his failure in getting Jordan into direct talks with Israel, Bush seems to have reached an understanding with King Husayn on economic development in the Israeli-occupied territories.

Bush expressed his support for the Jordanian king after hering a briefing given by the latter on the development plan for the occupied land. While Bush was still here, the U.S. State Department announced that Washington would provide 4.5 million U.S. dollars for development projects in the West Bank and Gaza Strip. One of Bush's aides disclosed that a further aid of 80 million dollars was possible. Public opinion here, however, is skeptical of this "generous offer" by Washington.

PRC, SENEGAL NEWS SERVICES SIGN COOPERATION PACT

OW020938 Beijing XINHUA in English 0709 GMT 2 Aug 86

[Text] Dakar, August 1 (XINHUA) -- China's XINHUA News Agency and Senegal's news agency APS today expanded their cooperation agreement of 1978. According to the amended agreement, starting today the two agencies will receive each other's news services.

This coincides with the 27th anniversary of the Senegalese agency, the oldest news agency among the French-speaking countries south of the Sahara, and the inauguration of new equipment at APS. APS has signed 16 such cooperative agreements with other foreign news agencies, seven of which are African.

Senegalese Minister of Communications Djibo Ka and Chinese Ambassador to Senegal Liang Feng signed the amended cooperation agreement.

At a celebration of the anniversary of APS, Liang said the exchange of wire services is an "important step taken in our relations of friendly cooperation and an example of equality and friendship in South-South cooperation."

BEIJING YOUTH COLLECT MONEY FOR AFRICAN RELIEF

OW021428 Beijing XINHUA in English 1416 GMT 2 Aug 86

[Text] Beijing, August 2 (XINHUA) -- Thousands of people in the capital, including travellers from other parts of the country, lined up to donate money at the corner of Wangfujing St. -- Beijing's busiest shopping area -- for African people suffering from drought and starvation. More than 10,000 students, teachers, self-employed and young workers turned out to collect donations yesterday. When a primary school pupil threw a two-yuan note into a donation box, he told XINHUA, "Let the African children have enough to eat and go to school happily." A similar activity was held in Shanghai this week, according to an earlier report.

ENGINEERS INTERVIEWED ON SAFETY OF DAYA BAY

HK010828 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 3] Jul 86 p 3

["Newsletter" by report Huang Xingqun: "Safety Is Above Everything Else -- On a Visit to the Guangdong Nuclear Power Joint-Venture Company"]

[Excerpts] [Introductory passage omitted]

The Plant Site Is Located in an Area With a Stable Seismic and Geological Structure

Engineer Chen Heling, who participated in the general survey for selecting the site of the nuclear power plant, said that extremely careful consideration was given to safety in selecting the site for the Daya Bay Nuclear Power Station. [passage omitted] A number of experienced geologists and seismologists carried out an on-site survey on the geological structure around the plant site. They used various tests to find out about the surface breaks as well as the geological structure 30 kilometers below the earth's surface. After more than 3 years of rigorous tests, calculations, and scientific analyses, they drew the conclusion that the "areas has a stable seismic and geological structure." Although there is no movable break or record of induced earthquake within 8 kiometers of the site, all the construction structure involving safety is designed to stand an earthquake measuring 8 on the Richter Scale. As to population appraisal, atmospheric diffusion, hydrology, foundation safety, and possible influence of the surroundings on the nuclear power station, detailed general surveys were carried out in selecting the plant site. U.S. regulations concerned were also used for reference. The safety margin is wide and the reliability is very high. [passage omitted]

Tests and Calculations Were Also Carried Out Regarding the Worst Possible Accident

"What will happen in case a radiation accident occurs, although such an accident is hardly possible?"

When I asked this question, the technical engineerings personnel patiently gave me an explanation. We must say that the safety standards for the design and construction of a nuclear power station are much higher than those for conventional industries. In order to reach these standards, much more rigorous quality control and quality guarantees are required. In France, 30 nuclear power stations of the same type as that of Daya Bay are in operation. To date, no workers at these stations or resident in the neighborhood have been found to have overly high levels of radiation. The possibility of a worst possible accident at a presurized-water nuclear power station is not worth mentioning. Despite this, the technical engineering personnel still had to take into consideration all possible radiation accidents in the design. They had to calculate influences on the environment at different distances in case any accident should occur. The influence on residents outside the restricted zone of the radiation dosage emitted from the Daya Bay Nuclear Power station in a worst possible accident situation will not exceed the present U.S. safety standard for selecting sites of nuclear power stations. These tests and calculations have not only been carried out by China's departments concerned, but also independently by specialists of the British Atomic Energy Bureau at China's request. [paragaph continues]

They assumed that in the first 4 days after an accident occurs, the windspeed would be low, the wind would continuously blow toward the testing point (This is the worst meteorological condition, because accelerated windspeed and changes in the direction of the wind will lower the radiation volume at the testing point), and the people at the testing point would be outdoors, completely exposed for 30 days running. Results of the tests and calculations show that the volume of radiation on people 30 kilometers away would only be 1 percent of the U.S. safety standard and 1 over 300 at 50 kilometers. Moreover, these tests and calculations excluded the protective factors such as hills and buildings. It can thus been seen that such an influence would be within an acceptable range.

Listening to All Suggestions Beneficial to the Safety of the Nuclear Power Station.

Inside the management building of the Guangdong Nuclear Power Joint-Venture Company, I met with Zan Yunlong, general manager of the company. Evidently, he understands the worry of Hong Kong people about the safety of the Daya Bay Nuclear Power Station after the serious accident that occurred in the Soviet Union's Chernobyl nuclear power station. He said that Hong Kong is at the southern part of China's mainland and has a dense population. Its social system and ways to air views are entirely different from those of the hinterland. It is also very sensitive to the development of the world's economy and technology. Many residents have expressed their worry about the safety of the Daya Bay Nuclear Power Station, and we fully understand this. The concern shown over the safety of the Daya Bay Nuclear Power Station by the residents and their various questions help urge us to earnestly strengthen the management of the nuclear power station, to ensure safety, and to strive to avoid any accident. In the past, we actually did not generate enough publicity about the safety of building a nuclear power station at Daya Bay. I believe that with their understanding of the development of nuclear power, the people's worry over the safety of nuclear power will gradually be eliminated. The Guangdong Nuclear Power Joint-Venture Company will wholeheartedly go all out to ensure the safe operation of the nuclear power station in accordance with the requirements of the international advanced level and to attain the optimal results. In addition, we also hope that practical actions taken to ensure the safety of the nuclear power station will enjoy the confidence of the Hong Kong compatriots. We are willing to listen to suggestions and criticism from various quarters. We will give thorough consideration to them so long as they are beneficial to the safety of the nuclear power station.

INDUSTRY MINISTER ON NUCLEAR POWER SAFETY

HK030801 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1434 GMT 1 Aug 86

["Report: Jiang Xinxiong on China's Nuclear Power Plant Construction" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 1 Aug (ZHONGGUO XINWEN SHE) -- Jiang Xinxiong, minister of nuclear power plant construction must firmly follow the policy of making active, appropriate development, so as to ensure in nuclear power plant construction. Work will continue to be arranged according to the original plan.

He said: The accident 26 April of the No 4 reactor of the Chernobyl nuclear power plant in the Soviet Union has urged us to further consider the problem of safety in China's nuclear power plant construction.

Jiang Xinxiong said: In designing the Qinshan and the Daya Bay nuclear power stations which are under construction, the pressurized water reactor, a relatively tested type in the world at present, was adopted. Safe design standards, which had been tested in practice, were also adopted. A nuclear power plant has three shields, namely, the nuclear fuel elements shell, the pressure vessel, and the safety shell, to stop the leakage of radioactive materials in case of an accident. These two nuclear power plants also take various safety measures to make timely adjustments to ensure water and power supply in case of emergency. The reports on environmental influence by the two nuclear power plants have been examined and approved by the state's environmental protection departments, and work has been carried out accordingly. The experts concerned have expressed confidence in the safety of the two nuclear power plants.

He said: In the whole process of building the nuclear power plants and putting them into operation, China will draw experiences and lessons from nuclear plant disasters in other countries and will constantly implement the specific policy of putting safety and quality in the first position. It will not slacken vigilance on the ground that the technologically mature and relatively safe pressurized water reactors have been adopted. On the contrary, it will take strict precautions and adopt a serious attitude in drawing effective measures and exercising scientific management to ensure safety of the nuclear power plants.

Jiang Xinxiong said: To ensure safety of the nuclear power plants, the following measures have been adopted:

1. Strengthen leadership over the whole course of construction of the nuclear power plant, from on-the-spot organization to the allocation and training of personnel, and from project design, construction work, and equipment installation to the making and ordering of equipment. Every link of work must be grasped carefully to ensure quality and safety.

2. Strengthen safe management of nuclear power plants. Laws and regulations governing nuclear power safety in China will be formulated and improved on the basis of adopting and applying the laws and regulations commonly adopted by other countries. More than 60 laws, regulations, and guiding principles have been formulated or are being formulated. The nuclear power plant in Guangdong will in principle adopt the French safety standards. However, for safety's sake, we will check them against the safety laws and regulations adopted by China and the International Atomic Energy Agency.

3. In the course of building nuclear power plants, it is necessary to establish a general program for strictly ensuring quality and to set up and improve a complete system for ensuring quality, so that every link or step of work, such as project design and construction work of the nuclear power plant, and repairing, testing, starting, and operating installations will be carried out in accordance with the laws and regulations and the quality control program, and a nuclear power plant will be completed with fine quality and operate safety.

4. Strictly carry out the system of training and examining the operational and managerial personnel of the nuclear power plant. The establishment of a well-trained operational team is the key to ensuring safe power generation of the nuclear power plant in future.

5. To ensure safety of the nuclear power plants, the State has set up the Nuclear Safety Bureau to supervise and inspect the safety of nuclear power plants throughout the country. It also has decided to set up nuclear safety supervision centers in areas neighboring the Qinshan nuclear power plant and the one in Guangdong. The departments concerned will share the work and cooperate with one another in doing a good job of nuclear safety.

ZHAO ZIYANG ATTENDS MEMORIAL FOR NUCLEAR SCIENTIST

OW031428 Beijing XINHUA Domestic Service in Chinese 1122 GMT 3 Aug 86

[Text] Beijing, 3 Aug (XINHUA) -- A memorial ceremony was held at the auditorium of the Babaoshan Cemetary of Fallen Revolutionaries in Beijing this afternoon for Comrade Deng Jiaxian, a nuclear scientist who made major contributions to the modernization of China's national defense.

Comrade Deng Jiaxian unfortunately died of cancer on 29 July in Beijing at the age of 62.

Zhao Ziyang, premier of the State Council, attended the memorial meeting. Premier Zhao Ziyang expressed his deepest sorrow to Comrade Deng Jiaxian's wife Xu Luxi and his children. He said: "I have come from another place especially to attend the ceremony. Comrade Deng Jiaxian was a model of China's scientific and technical workers and the pride of our country's scientific and technical workers."

The memorial ceremony was presided over by Hu Qili, member of the Political Bureau and the Secretariat of the CPC Central Committee. Zhang Aiping, state councillor, minister of national defense and deputy secretary-general of the Central Military Commission, delivered a memorial speech.

Comrade Deng Jiaxian was a member of the 12th CPC Central Committee, deputy head of the Scientific and Technological Committee under the Commission of Science and Technology for National Defense, vice chairman of the Scientific and Technological Commission of the Ministry of Industry, head of the No 9 Research Institute of the Ministry of Nuclear Industry, academician of the Division of Mathematics and Physics of the Chinese Academy of Sciences, and a national model worker. He made major contributions to our country in the research and production of the atomic bomb, hydrogen bomb, and new nuclear weapons. He was a founder and pioneer of our country's nuclear weapons' theoretical research work and also a principal organizer and leader in the technical field of our country's research, production, and development of nuclear weapons.

Hu Yaobang, Deng Xiaoping, Li Xiannian, Chen Yun, Xu Xiangqian, Nie Rongzhen, Fang Yi, Tian Jiyun, Qiao Shi, Li Peng, Yang Shangkun, Yang Dezhi, Hu Qiaomu, Yao Yilin, Chen Muhua, Chen Pixian, Wang Zhen, Song Renqiong, Gu Mu, Zhang Jingfu, and Hong Xuezhi sent wreaths.

Comrade Ye Jianying also sent a wreath.

Wreaths were also presented by the CPC Central Committee, the State Council, the Central Military Commission, the All-China Federation of Trade Unions, the Jiusan Society, the Chinese Academy of Sciences, the three general departments of the Chinese PLA, the Commission of Science and Technology for National Defense, the Ministry of Nuclear Industry and leading organs of Beijing Municipality, Sichuan Province, and Anhui Province.

Also hung in the auditorium was a large elegiac scroll from Xu Deheng, Deng Jiaxian's father-in-law and vice chairman of the NPC Standing Committee. The scroll read: "I am deeply saddened by Jiaxian's death."

Attending today's memorial service were Zhao Ziyang, Wan Li, Yu Qiuli, Hu Qili, Qin Jiwei, Deng Liqun, Zhang Aiping, Qian Xuesen, representatives from all walks of life, and friends of the late Comrade Deng Jiaxian, totaling more than 800 people.

Among the representatives from the scientific-technological circle were Wang Ganchang, Zhu Guangya, Peng Huanwu, and Qian Sanqiang, who are Deng Jiaxian's teachers, senior nuclear scientists, and principal leaders of the development of past nuclear weapons; as well as scientists and scientific and technological workers of the Ministry of Nuclear Industry who fought shoulder to shoulder with Deng Jiaxian. They mourned with deep grief the loss of a selfless, good comrade who had dedicated his wisdom and strength to national defense.

During Comrade Deng Jiaxian's hospitalization, leading comrades of the party Central Committee, the State Council, and the Central Military Commission were greatly concerned with his condition and treatment. Premier Zhao Ziyang time and again instructed that Comrade Deng Jiaxian be taken good care of. On behalf of the party Central Committee and Comrade Hu Yaobang, Comrade Hu Qili visited him in the hospital and expressed their best regards to him. Comrades Wan Li, Li Peng, Yu Qiuli, Song Renqiong, and other leading comrades also visited him in the hospital. They all highly evaluated Comrade Deng Jiaxian's dedication and praised him for his great and heroic contributions to China's scientific and technological development. On many occasions Comrade Zhang Aiping personally presided over the formulation of plans for his medical treatment, and waited outside the operating room.

At the mourning hall, which was filled with a solemn silence, people deeply mourned the death of Comrade Deng Jiaxian, an emminent Chinese scientist. Comrades fighting on the nuclear industrial front pledged to live up to the expections of the party and the people, continue his unfinished task, and contribute to the peaceful use of nuclear energy in economic construction, and to expediting the modernization of national defense.

Zhang Aiping Eulogy

OW032044 Beijing XINHUA Domestic Service in Chinese 1101 GMT 3 Aug 86

["State Councillor Zhang Aiping's Eulogy at the Memorial Service for Comrade Deng Jiaxian -- XINHUA headline]

[Text] Beijing, 3 Aug (XINHUA) -- Comrade Deng Jiaxian, an outstanding CPC member and an emminent nuclear scientist, died in Beijing on 29 July 1986 of cancer, failing to respond to any medical treatment. He was 62.

Today, we mourn with deep sorrow this outstanding warrior of the working class and an outstanding representative of Chinese intellectuals, who selflessly and indomitably dedicated his entire life to the development of China's nuclear weapons.

Comrade Deng Jiaxian was a member of the 12th CPC Central Committee, deputy head of the Scientific and Technological Committee under the Commission of Science and Technology for National Defense, vice chairman of the Scientific and Technological Commission of the Ministry of Nuclear Industry, head of the No 9 Research Institute of the Ministry of Nuclear Industry, academician of the Division of Mathematics and Physics of the Chinese Academy of Sciences [CAS], and a national model worker.

Born in Huaining Country, Anhui, in 1924, Comrade Deng Jiaxian graduated from the Department of Physics of the Southwest Associated University in 1945. After victory of the war of resistance against Japan, he taught at the Department of Physics at Beijing University, and actively took part in the CPC-led democratic struggle against the KMT reactionaries. He once was chairman of Beijing University's Federation of Teachers and Staff. In 1948 he went to the United States and obtained his doctoral degree in physics from Purdue University in Indiana. Despite numerous obstacles, he returned to the motherland in September 1950 and enthusiastically threw himself into the construction of a new socialist China. Serving as assistant researcher and deputy researcher at the Institute of Modern Physics of Institute of Nuclear Energy of the Chinese Academy of Sciences, and concurrently deputy academic secretary of the CAS Department of Mathematics, Physics, and Chemistry, he engaged in nuclear theoretical study, initiating China's nuclear theoretical research. Comrade Deng Jiaxian jointed the Jiu San Society in 1951, and became a member of the CPC in 1956. In August 1958 he was transferred to the No 2 Ministry of Machine Building Industry to take part in organizing and leading the research and development of China's nuclear weaponry. He served as director, vice president, and president of the Department of Theoretical Study in the No 9 Research Institute.

Comrade Deng Jiaxian worked conscientiously, painstakingly, and tirelessly for 28 years to develop China's nuclear weapons. He made significant contributions to this work, making theoretical breakthroughs on atomic and hydrogen bombs, achieving success in their experiments, and developing them into weapons, as well as making important theoretical breakthroughs and conducting experiments on the development of new nuclear weapons. As a major participant, he received the National Science Award, First Class; and the State Award for Scientific and Technological Advancement, Special Class. He was one of the founders and pioneers of China's theoretical study of nuclear weapons, and one of the principal technical organizers and leaders in the research and development of China's nuclear weapons.

A diligent learner and assiduous researcher, Comrade Deng Jiaxian was good at uniting with fellow researchers and at coordinating the wisdom and talents of the large numbers of scientists he worked with to tackle key problems.

After a foreign country tore up a treaty, he and his coworkers displayed the spirit of independence, self-reliance and arduous struggle, and worked with a will to build a stronger country. With firm conviction they surmounted all sorts of difficulties and rendered exceptional meritious service leading to the successful explosion of China's first atom bomb. Later, breaking down technical barriers, they successfully exploded China's first hydrogen bomb, making indelible contributions to China's efforts to break the nuclear monopoly of the superpowers, enhance its defense capabilities, and defend world peace.

After assuming the important office of president of the No 9 Research Institute of the Ministry of Nuclear Industry, he became even more devoted to improving and developing nuclear weaponry. He respected science, sought truth from facts, worked strictly in accordance with scientific laws, and always tried as hard as possible to go down to the first line of theoretical design, assemblage, testing, and production to study and understand their situation. When major problems arose, he invariably went to the scene to direct the handling of the problems. He handled everything strictly in accordance with Comrade Zhou Enlai's instruction that one must work "seriously, earnestly, meticulously, and reliably lest anything should go wrong," and would never let a problem pass unresolved. At crucial moments, he would appear at the most hazardous posts, disregarding his own safety, fully showing his leadership, bravery, and noble spirit.

Comrade Deng Jiaxian was a physicist with a profound theoretial foundation and broad experimental and technological knowledge. He knew everything about nuclear weaponry, which is a gigantic, multidisciplinary system of engineering. He was brave in doing pioneering work and was imbued with exploratory spirit. He was a scientist capable of combining theory with experiment and integrating science and engineering technology, and an outstanding organizer and leader of scientific research.

Comrade Deng Jiaxian decided to serve the motherland when he was a young man. He loved the party, and he firmly implemented the party's correct lines, principles, and policies. As a party member, he upheld party principles, and was highly conscious of organizational discipline. In the political and ideological fields, he always set strict requirements for himself in light of the standards set for Communist Party members. He was honest and upright in performing his official duties. Over the past several decades, he dedicated himself heart and soul to his work and to serving the people wholeheartedly.

Comrade Deng Jiaxian worked democratically, maintaining close ties with the masses. He was open and aboveboard, humble, enthusiastic, and approachable, and he took the interests of the whole into account. Although he worked at several leading posts, he never considered himself a leader. Because he was good at listening to other people's opinions and at uniting with other comrades, and was always concerned with young people's growth and improvement, he was respected and loved by his colleagues.

Under the party's leadership, he and other scientists of the older generation trained a large number of enterprising, earnest, and cooperative scientists and technicians who are brave in tackling key problems.

For several decades Comrade Deng Jiaxian worked selflessly as an unknown hero who sought neither fame nor wealth. Then he broke down from being overworked. Even when he was seriously ill he did not forget China's scientific and technological development, and he kept advising the development of the nation's advanced technology. What Comrade Deng Jiaxian did was truly what he often advocated -- "seeking neither fame nor wealth, and working with the goal of catching up with advanced world level." Although he was not well known, his contributions will forever be recorded in the nation's annals. He was truly worthy of the name of being a fine son of the nation, an outstanding CPC member, and an outstanding representative of Chinese intellectuals. His death is a great loss to the Chinese people, the Chinese Armed Forces, and the Chinese scientific and technological circles. To mourn him today, we should turn sorrow into strength. We should emulate his spirit of dedicating himself entirely to building a strong country, to developing scientific research for national defense, and to leading fellow workers to work ceaselessly, defying danger and personal safety. We should emulate his noble characteristics of disregarding fame and gain, bearing burdens willingly and quietly, and being willing to remain an unknown hero. We should emulate his high sense of political responsibilities of constantly trying to do a better job, and consistently giving priority to the interests of the state. We should emulate his fine conduct in earnest scholarly research, remaining humble and cautious, being approachable, going deep into the realities of life, and uniting with the masses. We should carry forward his unfinished task, redouble our efforts, continue to work hard and press forward to achieve the nation's four modernizations, and scale the heights of science and technology!

Eternal glory to Comrade Deng Jiaxian!

WAN LI ADDRESSES NATIONAL SOFT SCIENCE SYMPOSIUM

OW010121 Beijing XINHUA Domestic Service in Chinese 1254 GMT 31 Jul 86

[RENMIN RIBAO reporter Chen Chujia and XINHUA Reporter Wu Ming]

[Text] Beijing, 31 Jul (XINHUA) -- At the national symposium on soft science research that concluded today, Wan Li, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, said: Developing socialist democracy fully and adopting scientific and democratic policy decision-making constitute a vital part of the reform in China's political system.

In his speech, entitled: "The Democratization of Policy Decision-Making and the Adoption of Scientific Methods are vital parts of the reform of the Political System," Wan Li said: due to the influence of China's centuries-old feudal society and small production economy, imperfect legislation and problems with cadres regarding their quality and democratic work style, we have not yet established a rigorous system and procedure for policy decision-making, nor have we had an adequate support system, consultancy system, appraisal system, supervision system, and feedback system for that purpose. Even at present, the practice of relying on the experience of the leaders in making policy decisions is still common and prevalent. It is already too late to make timely corrections or set things straight when a policy decision is found seriously wrong. This kind of situation, where policy decisions are blindly or hastily made, has been going on for many years already. The time to effect a change in this situation is overdue. Otherwise, our sociaist system will remain imperfect and the national economy will not be able to develop continuously and steadily. Solving this problem is an extremely important aspect of reforming the political system. By tackling this issue of effecting democratic and scientific policy decisions, we will be able to improve greatly and consolidate China's socialist system; help the hundreds of millions of people strengthen their sense of responsibility as masters of their own destiny whipping up their enthusiasm and creativeness; and give full play to the superiority of the socialist system.

Wan Li pointed out: The key to effecting democratic and scientific policy decisions lies in the leadership at all levels. It is necessary to conduct reeducation in the need for democratic and scientific policy decision-making throughout the party and the nation, especially among the leading party and government cadres at all levels. The responsibility of the leadership is to formulate strategies, work out plans, shape policies, manage, and give cadres their job assignments. To fulfill this responsibility, the leadership needs to make policy decisions. Therefore, to make policy decisions is the most fundamental duty of the leaders. The leading cadres at all levels in China in general are essentially good. They demonstrate basic qualifications and abilities as leaders. However, a problem common to many cadres is an insufficient awareness of the importance of democratic and scientific policy decision-making and necessary abilities. He said: In order to solve this problem thoroughly, our party and government leadership departments must adopt various means and methods in a planned manner and step by step to help leading cadres at all levels raise their scientific and cultural standards and improve their skills to make overall policy decisions; encourage them to study hard and overcome the narrow views and concepts of small production that may possibly exist; and help them consciously foster the fine work style in respecting science and democracy. Each leadership department must have its own team to do research for making policy decisions. Each leader should have several friends with courage and insight and full of idea. Particularly he should have some friends who dare to offer advice and differing views and speak without reservations.

Wan Li emphatically pointed out: In order to develop scientific theories, the first thing to do is to create a political environment marked by democracy, equality, and consultation.

It is essential to respect the people's democratic right in expressing their views. The leaders must allow people to voice different opinions, even objections. Some leaders often love to regard the research department under their control as a tool to rig up various kinds of "theoretical bases" for any policy decision they have made. This kind of so-called "scientific" basis for making a policy decision is even more fraudulent and dangerous. It is even worse than making a policy decision without any valid reason. Leading officials may disagree with researchers' views, brush aside their conclusions or turn down their suggestions, but they must not force researchers to change views or conclusions against their own will to suit theirs. In order to provide a greater guarantee for effecting democratic and scientific policy decision-making in China, we need to adopt legislative measures to give legal protection to people engaged in policy research and gradually make our policy decisions systematic and rational. He said: In order to create a political enviroment marked by democracy, equality, and consultation, we must unswervingly implement the policy of "Letting a hundred flowers blossom and a hundred schools of thought contend." This policy is a firm and unshakable strategic principle in China's political life, in the fields of ideology, theory, and cultural development. This is an important indication of a high degree of socialist democracy.

Wan Li Addresses National Soft Science Symposium

Wan Li said: We stressed the need to implement the "double hundred" policy and carry out discussions freely. However, that does not mean that we may deviate from the guidance of Marxist ideas. The basic theories of Marxism are objective, universal truth. Marxism is not dogma or a bible, but a guide for our actions. Marxism itself is being constantly developed and enriched. Under no circumstances should we reject the various new theories and achievements created by men of the contemporary era as "sugar-coated bullets" and heretical beliefs under the pretext of safeguarding the "purity" of Marxism. We must verify them by means of practice, assimilate whatever is scientific and continuously enrich the various theories of Marxism.

On the question of soft science, Wan Li said: To strengthen our research work in soft science is essential in developing our modernization program. Science and technology are gigantic forces in promotion social developments. This not only implies that scientific and technological achievements can greatly increase labor productivity when they are directly applied in production. Even more important is the fact that as a comprehensive system of knowledge and an instrument of thinking, science and technology may help us observe and analyze the complex and changeable economic and social phenomena in an overall manner and make accurate appraisals and judgements. In this way, they will help people make policy decisions with a scientific approach on an even larger scale and promote even more vigorously the development of the entire society and progress in science and technology. Precisely this is an important task for conducting research in soft science. China's research in soft science is the product of the work of our party and government in making policy decisions through summoning up their positive and negative experience and adhering to the ideological line of seeking truth from facts. It is a product that meets the urgent needs of promoting economic and social development during the new period when we are implementing the policy of opening the country to the outside and making reforms. It is also the product of developing science and technology highly in the contemporary era. In order to push research in soft science to a new stage, we must adopt legislative measures to bring legal protection to people engaged in policy research.

We must be prepared to attach great importance to soft science, further popularize it and gradually make it an industry through several years' efforts. We must continuously enrich the theories and methods in conducting research in soft science, further develop them, and create new ones. Those engaged in soft science research must earnestly raise their political and professional standards. They must have not only a high sense of political responsibility and profound devotion, but also broad knowledge and rich experience in many fields. At the same time, we must give the necessary support to those engaged in soft science research by supplying them with funds and reference materials and creating favorable material conditions for them.

Wu Mingyu, vice minister of the State Scientific and Technological Commission, presided over today's symposium. Chen Zhaidao, Qian Xuesen, and other leading comrades also attended the symposium.

The national symposium on soft science research sponsored by the State Scientific and Technological Commission began on 27 July. It was attended by more than 300 soft science researchers and responsible persons of the departments concerned. During the symposium, they exchanged information and experience in conducting research in soft science over the past few years, discussed issues concerning promotion of soft science research and effecting democratic and scientific policy dicision-making, and offered many valuable suggestions on promoting economic and social developments in China.

TOP LEADERS ATTEND ARMY DAY RECEPTION 31 JULY

HK011042 [Editorial Report] Beijing Domestic Television Service in Mandarin at 1020 GMT on 31 July, during its regular evening "News Hookup" program, shows a 1.5-munite film clip of top officials' attendance at Beijing's 31 July Army Day reception, including the presence of He Changgong, in a wheelchair, identified by the announcer as a "Standing Committee member of the CPC Central Advisory Commission."

The film opens with shots of Zhang Aiping (in PLA Uniform), identified by the announcer as state councillor and minister of national defense, entering a reception hall in the Great Hall of the People, in the company of the following leaders (in order of appearance): Yang Dezhi (in PLA uniform), Hong Xuezhi (in PLA uniform), Qin Jiwei (in PLA uniform), Ye Fei, Wang Ping (in PLA uniform), Li Desheng (in PLA uniform), Chen Zaidao, and He Changgong, in a wheelchair. At this point, the announcer states: "Attending the reception are: Party and State leaders Yang Dezhi, Qin Jiwei, and Ye Fei; CPC Central Advisory Commission Standing Committee members Wang Ping, Li Desheng, and He Changgong; Central Military Commission member Hong Xuezhi; and CPPCC National Committee Vice Chairman Chen Zaidao and Qian Xuesen."

The film then shows Zhang Aiping delivering a speech at the reception given by the Ministry of National Defense, in the presence of Yang Dezhi, Qin Jiwei, Hong Xuezhi, Li Desheng, Ye Fei, He Changgong, Chen Zaidao, Qian Xuesen, and military attaches of foreign embassies (names not given) in Beijing. Wang Ping is not shown on camera.

WAN LI, OTHERS ATTEND 1 AUG ARMY DAY GATHERING

OW020049 Beijing XINHUA Domestic Service in Chinese 1513 GMT 1 Aug 86

[Excerpts] Beijing, 1 Aug (XINHUA) -- Over 10,000 PLA veteran cadres joined people from all walks of life and PLA commanders and fighters of the capital at a large-scale gathering to warmly celebrate the PLA's glorious festival.

Leading Comrades Wan Li, Yang Dezhi, Li Desheng, Huang Huoqing, Xheng Zihua, and Zhang Aiping attended the happy gathering and had cordial talks with retired veteran Army cadres, extending festival-day greetings to them. [passage omitted]

The gathering lasted for 3 hours.

Today's gathering was organized by the PLA General Political Department. One more gathering will be held tomorrow.

PLA LEADERS INSPECT BORDER DEFENSE UNITS

HK020137 Ihasa Xizang Regional Service in Mandarin 1130 GMT 1 Aug 86

[Excerpts] On Army Day, PLA Deputy Chief of Staff He Qizhong and Chengdu Military Region Commander Fu Guanyou led work teams to border defense outposts to visit the commanders and fighters who are in the frontline of Xizang's border defenses all year round. [passage omitted]

On 31 July, He Qizhong and his work team visited a number of outposts more than 43,00 meters above sea-level. He Qizhong seriously listened to an introductory speech given by Xizang Military District Commander Jiang Hongquan, who was accompanying him, and to reports given by cadres of the units. He felt satisfied with the units' combat-readiness, duty performance, work and study, and daily routines. He Qizhong also inspected the units' quarters, clubs, canteens, and so on. He asked the fighters whether they were used to this life, whether their bedding was damp, and whether the food was good. He also told the comrades accompanying him that implements needed by the companies in daily life should be issued on the largest possible scale.

When He Qizhong heard that postal communications were difficult at a certain place on the plateau, and many cadres and fighters there even found it hard to find a mate, he encouraged them, saying: You have a hard life guarding this place. This task is also very glorious. You suffer in order that the people of the whole country need not suffer. The commanders and fighters were very grateful for the concern of the general staff leader, and were greatly encouraged and stimulated by it.

The comrades of the work team led by Chengdu Military Region Commanders Fu Quanyou and Deputy Commander Zhang Taiheng travelled over 2,000 kilometers and ascended to nearly 10 outposts over 4,300 meters above sea-level in the course of their work inspection and their visits to cadres and fighters.

The two work teams also issued the border defense commanders and fighters with comfort letters, recorders, cameras, and other cultural and sports apparatus.

ARMY-WIDE DISCUSSIONS ON 'CORRECT ATTITUDE'

OW021147 Beijing Domestic Service in Mandarin 1100 GMT 31 Jul 86

[Text] A number of PLA units have conducted discussions on how to take a correct attitude toward soldiers' gains versus losses, thereby strengthening cadres' and fighters' love of the army and sharpening their sense of responsibility to devote themselves to the national defense.

Since April of this year, a certain mine-sweeping fleet convoy of the PLA Navy, a certain division of the Nanjing Military Region, and a certain regiment of the Beijing Military Region have successively conducted full discussions on how to take a correct attitude toward soldiers caused by economic restructuring and the policy of opening to the outside world, as well as the army streamlining and reorganization, the masses were organized to distinguish between ideological rights and wrongs through the self-education method.

In the past, cadres of the second battalion of that certain regiment would contrast their own situation with those of rich households, of small families where the husband and wife were together, and of classmates working successfully in local government. The cadres would complain that they were at a great disadvantage financially, emotionally, and careerwise. In the course of the large-scale discussion, they changed this three-way contrast into another one: Contrasting their situations with the revolutionary leaders' teachings and the people's expectations, with those comrades-in-arms who had sacrificed their lives, and with the criterion for Communist Party members, they felt that they lagged far behind in all fields. After such a contrast, they felt more compelled to devote themselves to national defense. Cadres and fighters have said that the discussion of gains versus losses is a very practical and profound educational experience in the outlook on life and in soldiers professional ethics.

Yu Qiuli, director of the PLA General Political Department, recently affirmed these units' experience and ordered that this full discussion on how to take a correct attitude toward soldiers' gains versus losses be conducted throughout the army step by step, in a planned way, and under guidance. Now, this discussion is being conducted throughout the Army.

ANTICHEMICAL WARFARE CORPS EMBODY MODERNIZATION

OW021028 Beijing XINHUA Domestic Service in Chinese 1108 GMT 1 Aug 86

[By reporters Li Yuezhu, Xiong Zhengyan]

[Text] Beijing, 1 Aug (XINHUA) -- The young, technologically specialized Antichemical Warfare Corps of China's armed forces has become an indispensable component in today's joint operations of the various arms and services. This unit's antichemical capacity for combatting nuclear and chemical attacks has reached advanced world levels.

In his talk to reporters on the eve of Army Day, an official of the General Staff Headquarters Antichemical Weapons Department pointed out: The reason for China to establish and develop the antichemical warfare corps is to fight against possible nuclear and chemical arms attacks initiated by invaders.

After more than 30 years of efforts to modernize the Chinese antichemical warfare corps, some satisfactory results have been achieved:

-- Combined arms units have the basic defensive ability to combat nuclear and chemical weapons attacks, while the specialized arms units possess some degree of antichemical protection capability. Thus, all the Armed Forces have initially established a protective system that is geared to mass protection by specialized units.

-- The Antichemical warfare corps has trained a great number of cadres and construction personnel who specialize in antichemical warfare. More than 14,000 such cadres and personnel trained by the Antichemical Warfare Institute have been assigned to the whole Armed Forces and all the localities throughout the country, and many of them have become high-ranked commanders and researchers in the Armed Forces.

-- The research in antichemical science has attained great successes. Our armed forces' antichemical equipment is now basically complete, manufactured domestically, and fully modernized. During the Sixth 5-Year Plan, 40 of the 277 scientific and technological achievements made by the antichemical scientific research departments won awards from the state and the whole army.

-- The corps took part in each of China's nuclear tests and satisfactorily accomplished the tasks of testing technologies, checking the effects of experiments, and ensuring safety.

-- The Antichemical Warfare Corps has brought its advantages in technology and equipment into full play, participating in rescue and relief work and supporting China's socialist construction. After the severe earthquake in Tangshan on 28 July, 1976, the Antichemical Warfare Corps dispatched 68 disinfectant vehicles to join the earthquake relief work and to spray more than 700 metric tons of disinfectant, thus making great contributions to preventing serious disease outbreaks after the disaster. Meanwhile, members have assisted in handling radioactive and chemical leak accidents on many occasions, thereby ensuring the health and safety of the people.

AIR FORCE AWARDS CERTIFICATES TO 400 PILOTS

OW021058 Beijing Domestic Service in Mandarin 2130 GMT 31 Jul 86

[Text] According to a JIEFANGJUN BAO dispatch, the Air Force units stationed in Beijing presented certificates and medals of honor to 400 pilots on 31 July. Such certificates and medals were awarded to pilots for the first time in the history of the Air Force. The certificates and medals were divided into four classes -- special class, first class, second class and third class.

AIR FORCE FLIERS RECEIVE GRADES, TITLES

HK020520 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1305 GMT 31 Jul 86

[Text] At present, some 80 percent of Chinese Air Force fliers have been given their grades and titles.

According to the grading assessment, which was started in July 1985, the grades and titles are given in accordance with the plane model and job nature and after strictly examining the flying skill, military tactical proficiency, flight safety, and total flying hours of the fliers.

In the examination, the first batch of fliers were variously given the first grade, second grade, third grade, and fourth grade. In terms of their job nature, they were given the titles flyer, navigator, signal and shooting staff, signalman, gunner, and flight instructor. The special and first grades will be examined and approved by the Air Force headquarters, while the second grade will be examined and approved by the military region Air Force. The third grade will be examined and approved by the aviation school.

This morning, a certain flying unit held a rally to present grade certificates and medals. The fliers who were awarded grades and titles were each given a shining grade medal and an exquisitely designed grade certificate.

PLA INCREASES RESEARCH ON DEFENSE STRATEGY

HK020426 Beijing CHINA DAILY in English 2 Aug 86 p 1

[By Staff reporter Wang Changyi]

[Text] The People's Liberation Army (PLA) is stepping up its research on defence strategy.

At the same time, it is cooperating with Chinese civilian research organizations and foreign institutions in research on military theories, according to senior leaders of the PLA's Academy of Military Science.

Zheng Wenhan, president of the academy, and Wang Chenghan, its political commissar, told CHINA DAILY yesterday that intensification or research was spurred by the Central Military Commission's decision last year to shift defence strategy, which has been based on a long-time assumption that there would be "an early war, a major war and a nuclear war," to construction in a peaceful period.

"This was a major change in the guiding concept of China's national defence ," Zheng said.

He said that events of the past year showed that this strategic change has the following characteristics:

— Massive reduction of military forces.

-- Many military facilities turning to civilian use to aid economic construction.

— Intersified study of modern technology and equipment and their impact on future wars.

— More vigorous research in modern warfare strategy and tactics.

"The Central Military Commission's decision has also provided a basis for present national defence research, " the political commissar pointed out.

One of the academy's major projects at the moment is the study of defence strategies up to the year 2000.

This study, to be completed in about two years, according to the president of the academy, includes research on both the international and domestic situation, the aim and prospects of national defence, military strategies and new technology and weaponry systems.

Last month, the academy was host to more than 100 military and civilian scholars at a symposium on national defence and systems engineering. More than 60 theses were presented.

"We are also ready to establish links with foreign research institutions in military and strategic studies," Wang said.

CUSTOMS BRINGS SMUGGLING UNDER CONTROL

OW030757 Beijing XINHUA in English 0739 GMT 3 Aug 86

[Text] Beijing August 3 (XINHUA) -- Chinese customs has basically brought under control large-scale smuggling which had raged for years, today's Overseas Edition of the "PEOPLE'S DAILY" reported.

Statistics of the General Administration of Customs show that 8,899 cases of smuggling involving a total of 329 million yuan (about 96.6 million U.S. dollars) were cracked in the first six months of this year.

A customs official said that some of the cases took place in last year or the year before.

He said that the goods smuggled into China were generally wrist watches, nylon products, cosmetics and other goods for daily use this year, compared to cars and video recorders last year.

While goods smuggled into China were on the decrease, there was marked increase in the goods smuggled out, notably raw silk, fish fry and live and fresh farm produce.

The paper reported that the Chinese customs has increased anti-contraband personnel and improved the facilities in recent years.

An anti-contraband fleet patrols China's seas while sophisticated facilities, telecommunications equipment and computers have been installed in the custom houses.

The customs has also strengthened cooperation with related international organizations and law-enforcement organs in foreign countries.

OPEN POLICY HELPS JIANGSU ECONOMY FLOURISH

OW020412 Beijing XINHUA in English 0153 GMT 2 Aug 86

[Text] Nanjing, August 2 (XINHUA) — Jiangsu Province on China's east coast is continuing to flourish as the country's leading industrial province under the policy of opening to the outside world. Local officials said today Jiangsu's first-half industrial output value rose 9.4 percent over 1985 to 45.8 billion yuan. Total industrial output value was 86.3 billion yuan in 1985, when Jiangsu surpassed Shanghai as the country's industrial leader.

The key to Jiangsu's prosperity has been its successful export program, one of the officials said.

"The export brought in foreign currency that -- like foreign investment -- has enabled enterprises to buy foreign technology," he said. "And with new technology, they upgraded their factories and improved the quality of their products." The port city of Nantong, for example, in 1985 was able to export 65 percent of its manufactured goods, up from 40 percent a year earlier, thanks to imported technology, according to the official.

With government approval, Jiangsu began opening its major cities to foreign trade and investment in 1984. These included the ports of Nantong and Lianyungang and the inland cities of Suzhou, Wuxi and Changzhou. By 1985, the five cities were producing nearly 58 percent of the province's total industrial output value and earning 66.3 percent of their foreign exchange.

"For the most part, their success was a product of economic relations with the outside world," said a Jiangsu official. The province's economy this year has been further enhanced by the opening of the inland cities of Nanjing and Zhangjiang to foreign investment and trade.

SHANDONG'S LIANG BUTING VISITS PLA UNITS

SK020358 Jinan Shandong Provincial Service in Mandarin 2200 GMT 1 Aug 86

[Text] On the morning of 1 August, during their rural investigation tour in Rongcheng County, the leading comrades of the provincial CPC Committee and the provincial People's Government, including Liang Buting, secretary of the provincial CPC Committee, who were accompanied by the responsible comrades of the Yantai City CPC Committee, visited the PLA units on the islands to extend their festive greetings to the commanders and fighters.

During their visit, Comrade Liang Buting stated: On the occasion of Army Day, I, on behalf of the party committees and governments at provincial, city, and county levels, extend cordial greetings to you, PLA commanders and fighters, and express my heartfelt thanks for your new achievements scored in the border defense of the motherland and for your outstanding contributions to supporting the local program of building the four modernizations.

Comrades of the PLA units also affirmed that they would certainly live up to the expectations of the local party committees and governments and that they pledge to further do a good job in carrying out the army-civilian campaign of building civilized units in order to safeguard the smooth progress of building the four modernizations.

JOURNAL VIEWS GUANGDONG ECONOMIC DEVELOPMENT

HK301354 Guangzhou KAIFANG in Chinese No 7, 8 Jul 86 pp 10, 11

[Article by Zeng Zhiyun of the Guangdong Provincial Planning Commission: "Opening Up Brings Guangdon's Economy to a New Stage of Development" -- capitalized passages published in boldface]

[Text] Between 1979 and 1985, the average annual growth rate of Guangdong's gross industrial and agricultural output value higher than that in the 26 years prior to 1978, and the average annual growth rate of its national income was 12.2 percent, 6.7 percent higher than that in the 26 years prior to 1978. All this is characteristic of a high overall growth rate. In these 7 years, industry was the most important material producing department, accounting for 47.3 percent of the increase in the growth output value, and leading agriculture, the second most important material producing department, by 21 percent. Non-necessities and consumer goods accounted for about 50 percent of the increase in industrial output value in these 7 years. THIS SHOWS THAT THE RAPID GROWTH RATE OF THE NATIONAL ECONOMY WAS MAINLY A RESULT OF GUANGDONG'S INDUSTRIAL DEVELOPMENT AND, IN PARTICULAR, OF THE SPECTACULAR INCREASE IN THE CONSUMPTION OF NON-NECESSITIES. THIS IS A BASIC CHARACTERISTIC OF THE PATTERN OF THE GROWTH OF GUANGDONG'S NATIONAL ECONOMY BETWEEN 1979 AND 1985.

Since 1979, the central authorities have been implementing "a special policy and flexible measures" in Guangdong, with the result that the province has been able to take the lead in opening itself to the world and in revitalizing the domestic economy. Strongly influenced by two factors, namely the introduction of capital, technology, and consumption patterns from abroad and the substantive progress in the reform of the distribution, planning, and pricing systems, the overall characteristics of the province's national economy have profoundly changed. WHAT IS FUNDAMENTALLY SIGNIFICANT IS THAT ITS ECONOMY SYSTEM IS GRADUALLY DEVELOPING FROM A "CLOSED SYSTEM" INTO AN "OPEN SYSTEM" AND THAT CONSUMPTION IS GRADUALLY TAKING THE PLACE OF ACCUMULATION AS THE DOMINANT MOTIVE FORCE BEHIND ECONOMIC GROWTH. THE INTRODUCTION OF THE MARKET FACTOR HAS GIVEN NEW IMPETUS TO ECONOMIC DEVELOPMENT.

Thanks to the comprehensive reform of the rural economy structure, the province's long suppressed economic potential has been liberated by the popularization of the system of contracted responsibilities with payment linked to output precipitating the downfall of the management system based on the principle of "taking grain as the key link" and has led to an extensive restructuring of the rural economy. The rapid development of the production of industrial crops, forestry, animal husbandry, fishery, and sideline production has brought about a sharp increase in the peasants' monetary income. Between 1979 and 1985, the average annual growth rate of the peasants' annual per capita net income was 14.4 percent. In addition to the increase in the supply of agricultural and sideline products, the readjustment of the purchasing prices of agricultural products also played an important role in bringing about the increase in the peasants' monetary income. Between 1979 and 1982 [as published], the purchasing prices of agricultural and sideline products were raised, with the result that the peasants actual income increased by 6 billion yuan. [paragraph continues]

On the other hand, thanks to the reform of the distribution and wage systems, the wages of the workers of enterprises in the cities and towns also increased significantly. Between 1979 and 1985, the average wages of workers increased by 11.8 percent each year on the average. WITH THE SUBSTANTIAL INCREASE IN THEIR INCOME, THE RURAL AND URBAN DWELLERS COULD NATURALLY MEET THEIR DAY-TO-DAY NEEDS. HOWEVER, GIVEN THE SLUGGISH DEVELOPMENT OF CULTURAL AND OTHER SERVICES AND THE LOW PRICES OF HOUSES, MUCH CURRENCY WAS ABSORBED BY THE CONSUMER GOODS MARKET.

The development of the economic structure from a "closed system" into an "open system" has contributed to quickening the pace of the development of economic and technological cooperation with foreigners and of the use of foreign capital. Between 1979 and 1985, the province signed 62,000 contracts for the use of $9.52 billion of foreign capital. However, the actual amount of foreign capital used was $2.7 billion only. By allowing the enterprises to retain more profits and by empowering them to invest, the province has enabled the enterprises and various localities to invest their money in a wider range of projects. ON THE ONE HAND, THE RAPIDLY GROWING DEMAND FOR NON-NECESSITIES AND CONSUMER GOODS HAS BROUGH STRONG PRESSURE. HOWEVER, ON THE OTHER HAND, THE REFORMS HAVE MADE POSSIBLE THE ABSORPTION OF VAST AMOUNTS OF FOREIGN AND CHINESE CAPITAL, TECHNOLOGY, FACILITIES, AND RAW AND PROCESSED MATERIALS BY THE PRODUCTION OF CONSUMER GOODS AND NON-NECESSITIES. ALL THIS HAS NATURALLY LED TO THE EXTRAORDINARY GROWTH OF THE PRODUCTION OF NON-NECESSITIES AND CONSUMER GOODS.

Tertiary industry rapidly developed. Between 1978 and 1984 [as published], the gross output value of tertiary industry rose from 25.8 percent of the GNP [Gross National Product] to 27.5 percent and the number of workers in tertiary industry rose from 12.2 percent of the labor force to 15.9 percent. Although tertiary industry is not too well-developed in Guangdong at present, it can be seen that in the 6 years between 1978 and 1984, tertiary industry was able to contribute another 1.7 percent of the GNP and absorb another 3.7 percent of the labor force. This growth rate is basically close to those in the developed capitalist countries in times of high economic growth rates. For example, between the early fifties and the early eighties, the ratio of workers employed in tertiary industry in four major Western European countries, namely the FRG, France, Britain, and Italy, to the total number of workers employed in these countries grew at an average annual rate of between 0.4 and 0.8 percent. All this suggests that THE ABSORPTION OF A SUBSTANTIAL AMOUNT OF LABOR FORCE BY TERTIARY INDUSTRY IN AN EFFORT TO ADAPT ITSELF TO THE RAPID DEVELOPMENT OF PRODUCTIVE FORCES, THE RESTRUCTURING OF THE PRODUCTION SETUP, AND THE REDISTRIBUTION OF WORKERS ARE INDICATORS THAT THE DEVELOPMENT OF GUANGDONG'S COMMODITY ECONOMY AND OF THE DIVISION OF LABOR IN THE PROVINCE IS BEING GRADUALLY LIFTED ONTO A NEW PLANE.

The importance of foreign trade to its national economy grew rapidly. Between 1979 and 1985, the total volume of locally conducted import and export trade grew at an average annual rate of 20.3 percent. In 1985, the total volume of export and import trade accounted for 15 percent of the GNP, 3 percent higher than the 12 percent in 1978. This growth rate is quite close to those in those developing countries that have experienced high growth rates. [paragraph continues]

For example, between 1966 and 1980, the total volume of Brazil's export and import trade claimed an additional 0.4 percent of its GNP each year on the average. THE RAPID DEVELOPMENT OF GUANGDONG's FOREIGN TRADE INDICATES THAT IT IS JOINING THE INTERNATIONAL ECONOMIC ORDER, AND LEAVING BEHIND ITS CLOSE ECONOMIC SYSTEM, WHICH HAS EXISTED FOR A LONG TIME.

There were obvious changes in the internal setup of industry. The output value of the three industries responsible for the production of the three major durable consumer goods, that is, the electronics industry, the production of household mechanical products, and the production of household metallic products, which accounted for 7.5 percent in 1978 and 18 percent in 1985 of the province's gross industrial output value, rose from 1.33 billion yuan in 1978 to 8.22 billion yuan in 1985; the output value of the textile industry, which accounted for 6.8 percent in 1978 and 10 percent in 1985 of the gross industrial output value, rose from 1.35 billion yuan in 1978 to 4.56 billion yuan in 1985; and the output value of the building industry, which accounted for 6.8 percent in 1978 and 12.3 percent of the total product of society, rose from 2.42 billion yuan in 1979 to 12.2 billion yuan in 1985. The rapid expansion of these industries led to the vigorous development of a number of supporting industries, such as chemical industry, the processing of metals, household garment production, and building materials industry, thus giving impetus to the development of production. THE OUTCOME OF THESE CHANGES IN THE INDUSTRIAL STRUCTURE SHOWS THAT SEVERAL INDUSTRIES, WHICH WILL PLAY A LEADING ROLE IN BRINGING ABOUT HIGH ECONOMIC GROWTH RATES, ARE ESTABLISHING THEMSELVES AS THE PROVINCE'S DOMINANT INDUSTRIES.

According to the above analysis, GUANGDONG'S NATIONAL ECONOMY HAS ENTERED A NEW STAGE OF DEVELOPMENT. THIS STAGE, WHICH IS DOMINATED BY THE PRODUCTION OF NON-NECESSITIES AND CONSUMER GOODS AND CHARACTERIZED BY RAPID ASCENSION FROM A LOW ECONOMIC LEVEL TO A HIGHER ONE, IS SOMETHING EXPERIENCED, OR TO BE EXPERIENCED, BY ALL DEVELOPED AND DEVELOPING COUNTRIES. ALTHOUGH THE PROCESS IS AN ABRUPT ONE, IT IS GOVERNED BY IMPLICIT GENERAL ECONOMIC DEVELOPMENT LAWS. WHAT IS SPECIAL ABOUT THIS PROCESS IS THAT IT IS NOT MAINLY ACCELERATED BY GRADUAL SCIENTIFIC, TECHNOLOGICAL, AND CULTURAL DEVELOPMENT. OF DECISIVE IMPORTANCE ARE THE STIMULATION CAUSED BY EXTERNAL FACTORS AND THE CHANGES THAT FACILITATE THE WORKING OF AN ECONOMIC STRUCTURE.

SHANTOU, GUANGDONG, DESIGNATED ENTRY, EXIT PORT

OW311457 Beijing XINHUA in English 1409 GMT 31 Jul 86

[Text] Guangzhou, July 31 (XINHUA) -- Shantou Airport has been designated an entry and exit port with the approval of the State Council, the provincial government of Guangdong announced today.

It is being expanded to eventually handle foreign planes. At present, its use is limited to Chinese planes flying the Shantou-Hong Kong-Bangkok route.

The 60 million yuan-expansion project started earlier this month and will be completed at the end of December.

Shantou is one of the four special economic zones in Guangdong, where flexible policies are pursued to attract foreign investment. It is the native place for more than six million Overseas Chinese, Chinese foreigners and Hong Kong and Macao residents.

NI ZHIFU SPEECH ON SPIRITUAL CIVILIZATION

SK011100 Tianjin TIANJIN RIBAO in Chinese 22 Jul 86 pp 1, 2

[Speech by Ni Zhifu, member of the Political Bureau of the CPC Central Committee and secretary of the Tianjin Municipal CPC Committee, at 21 July municipal meeting to study and discuss strategies for building socialist spiritual civilization: "We Must Persist in Correct Guiding Ideology To Discuss the Strategies for Building Socialist Spiritual Civilization"]

[Text] Comrades:

Grasping the two civilizations simultaneously is the fundamental principle for guiding socialist modernization. Since we have strategic goals for economic construction and the Seventh 5-Year Plan, it is necessary for us to define strategies and an overall plan for developing spiritual civilization. Thus, the municipal CPC Committee decided to launch activities to study and discuss strategies for the long-term development of socialist spiritual civilization, and has made opinions on formulating a plan for the short-term development of spiritual civilization in the Seventh 5-Year Plan. I hope that CPC committees at all levels pay close attention to the development of spiritual civilization and grasp the work in accordance with the opinions of Comrade Dinghua. We must persist in the correct guiding ideology to study and discuss the strategies for building spiritual civilization and to formulate a plan for developing spiritual civilization. I hope that the people will pay attention to the following few tasks.

1. We should approach the significance of spiritual civilization from a high strategic plane, and the strategic position of spiritual civilization should be fully embodied in the plan for development.

The general task and goal of the party in the new period is to build of country into a culturally advanced and highly democratic modern socialist state. Culturally advanced embodies both material and spiritual civilizations. Economic construction is inseparable from ideological, cultural, democratic and legan construction, as they are closely related to each other and are regarded as a whole. Simultaneously, we must also notice that socialist spiritual civilization not only has a great pushing effect on material civilization but also guarantees a correct orientation for developing material civilization. We must pay full attention to spiritual civilization and conscientiously put the work of building spiritual civilization on the course of serving the realization of the party's general task and goals in the new period.

2. Upgrading the quality of the people is the fundamental goal of spiritual civilization; thus, we must proceed from this to launch activities to study and discuss the strategies for developing spiritual civilization.

Building socialist spiritual civilization is a grand project involving all of society. Each and every component of spiritual civilization has its special features and functions. The fundamental goal of the activities of developing spiritual civilization is to upgrade the scientific, educational, ideological, and moral levels of the people of all nationalities and to enable ths vast numbers of people to become persons with lofty ideals, moral integrity, education, and a sense of discipline. [paragraph continues]

The reform which we are carrying out requires the whole society to foster the spirit of enthusiastically making advances and keeping forging ahead; to eliminate outdated, dark, and superstitious ideas; to get rid of feudalist influences; to resist the corrosive influence of bourgeois ideology; and to create fine ideological and social environments. Solving these problems to vigorously upgrade the whole people's ideological and political quality and educational level is an urgent matter as well as a matter of fundamental importance. We must closely concentrate on the fundamental goal of cultivating new socialist persons to arrange the overall plan for building the spiritual civilization and to formulate the plan for developing the work in all fields in order to ensure that all items of building the spiritual civilization promote each other. In order to realize this goal, I hope that the social scientific workers and the natural scientific workers will go forward hand in hand and make advances side by side.

3. All of our work and the activities to study and discuss the strategies for building spiritual civilization should be carried out under the guidance of Marxism.

Marxism, which is regarded as the scientific world outlook of the proletariat, is the most important component part of socialist ideology and plays an important role in guiding spiritual civilization. Persistently regarding Marxism as a guidance is a fundamental question for building spiritual civilization.

In order to achieve this, the most important thing at present is to treat Marxism with a scientific approach. It is wrong to regard Marxism as ossified dogma, and hold that at no time should we break with the principles and viewpoints put forward by the authors of the Marxist classics. Similarly, it is also wrong to think that Marxism is outdated, ineffective, and deviates from the fundamental tenets of Marxism. We should both adhere to the Marxist stand, viewpoints and methods and have the courage to discard certain definitions that have been proved to be incompatible with the actual situation through practice, and replace them with new principles. With a unifed understanding of this, and resolutely implementing the "double-hundred" policy, we will certainly be able to grasp the correct orientation of the activities to study and discuss strategies and carry them out in a lively and creative manner. Since the 3d Plenary Session of the 11th CPC Central Committee, upholding the ideological line and creative spirit of seeking truth from facts, the CPC Central Committee has made ceaseless efforts to sum up new experiences and solve new problems and new contradictions in the process to build socialism with Chinese characteristics, thus greatly enriching and developing Marxism. When carrying out the study and discussion activities, we should pay attention to earnestly studying the party's important documents issued since the 3d Plenary Session of the 11th CPC Central Committee.

4. The building of spiritual civilization should be geared to the needs of economic structural reform and should be carried out in close coordination with the political structural reform. The self-development of every component part of the spiritual civilization should also be imbued with the spirit of reform.

The only way to accomplish the four modernizations is reform. The building of spiritual civilization should correpsond with reform, provide a relaxed and harmonious environment for reform, and provide favorable conditions for the development of new productive forces so as to ensure that reform proceeds along a correct direction. [paragraph continues]

We should both greatly develop the commodity economy and oppose "putting money above everything else;" both adhere to the principle of distribution according to work and oppose being preoccupied with personal income and the idea of "working according to payment;" both grant greater autonomy to enterprises to invigorate them and enable enterprises to subordinate themselves to the overall and long-term interests of the state; and both further open to the outside world and resist the corrosive influence of bourgeois ideas and life style. Following the deepening of the economic structural reform, the tasks for the political and cultural reform have also been put forward, and the people's ideas will also change in line with the changes in political, economic, and social activities. In conducting the study, we should broaden our field of vision, open up more avenues for thinking, have the ability to plunge into social life to analyze the status quo, forecast development and explore regular patterns on the basis of the new problems and new changes emerging in its various spheres, and have the courage of advance immediate countermeasures and long-term plans.

5. In building spiritual civilization, we should both study the strategies for development and solve actual problems.

Our municipality has achieved certain results in building spiritual civilization over the past few years. However, we also have problems. One is a lack of study and appraisal of strategic issues, and the other is the existence of some weak links in practical work. The current practical work for building the spiritual civilization is very arduous. The rectification of party style is a long-term task, which should be carried out with unremitting and earnest efforts throughout the entire process of reform. At present our emphasis should be placed on the rectification of party style, but as far as the overall situation is concerned, we should strengthen the legal system. Education on the legal system is only at a beginning, and should be conducted in an all-round manner with great efforts. Considerable efforts should be put in gradually and the rather serious situation to "dirtiness, disorder, and poor scientific legal knowledge, and therefore we should make conscientious efforts to wipe out their illiteracy. We should also greatly intensify literary and art creations and mass cultural, recreational and sports activities. Only when these practical problems, big or small, are conscientiously solved can we push the spiritual in attaining the long-term goals of spiritual civilization.

Since last year we have conducted investigations and study concerning ideological and political work, industrial basic links, and economic structural reform, and have gained some expereiences in organizing such investigations and study. We hope that all departments will cooperate, and theoretical workers will work in close coordination with those engaged in practical work as they did during previous investigations and study, so as to achieve success in the present formulation of plans, and study and discussions on strategies.

CHENG MING ON 'SPY WARS' BETWEEN SUPERPOWERS

HK011120 Hong Kong CHENG MING in Chinese No 106, 1 Aug 86

["Notes on a Northern Journey" by Lo Ping: "Spy Wars Between Soviet Union and China, United States and China"]

[Text] In recent years, the tense relations between China and the Soviet Union have been relaxed, but nothing more has been achieved. To the Soviet Union, such a relaxation of relations is invaluable, considering in particular the increase of Sino-Soviet trade by more than $1 billion. However, it seems that the Soviet Union has not fully appreciated such a relaxation of relations. It has kept on carrying out spy activities against China, and this can only hamper relations between the two countries.

Thirty Spy Flights

The very person who exposed the spy activities of the Soviet Union was none other than Hu Yaobang, general secretary of the CPC Committee Secretariat. But his accusation was not published officially. It was only reported by Japan's KYODO News Service. On 6 June, Hu Yaobang held talks with Malinowski, marshal of the Polish Natioal Assembly for two hours. Ten days after the talks, Japan's KYODO News Service published a dispatch, on 17 June, saying that according to "reliable diplomatic sources in Beijing," Hu Yaobang told Malinowski for the first time that Soviet military planes had frequently carried out spying activities against China. Hu Yaobang stressed that since early this year, the Soviet Union had carried out such flights 30 times. Hu Yaobang strongly condemned the Soviet Union, saying that the Gorbachev regime wanted to normalize Sino-Soviet relations in words only, and that it had actually continued to take unfriendly actions. He stated with certainty that at present it was impossible to improve Sino-Soviet political relations.

Re-publication of the Report

It was very strange that the report did not cause a world sensation, probably because the guest with whom Hu Yaobang talked was not from a Western country, and the news was too sensitive and difficult to verify.

What shook the world was that five days after KYODO's publication of the news. AFP sent a dispatch from Beijing (on 22 June), repeating almost all the contents of the KYODO report. This could be called a "re-publication" of the news.

Did Hu Yaobang truly utter the remark? Why was the report "re-published?" When Hu Yaobang was visiting Europe on 19 June, he talked about the Sino-Soviet relations issue at a news conference. He pointed out; "As far as relations between the two countries are concerned, I don't think that there is any substantial progress." Was this not because of the spying activities of the Soviet Union?

According to our material on hand, Hu Yaobang truly did reveal the spying activities of the Soviet Union in front of the Polish guests. A report by CANKAO XIAOXI of the XINHUA News Agency on 19 June was ample proof.

Ample Proof Provided by Cankao Xiaoxi

On 19 June, CANKAO XIAOXI reprinted KYODO's report of 17 June. The title of the report was truly tendentious: "Soviet Planes Carry Out Spying Activities Against China." People on the mainland know that this was a sensitive issue involving foreign affairs, and that XINHUA published the report only after verifying the facts and winning approval from the leaders concerned. Otherwise, it would be regarded as violating the discipline of news reporting and foreign affairs.

It is not at all surprising that countries carry out spying activities against each other. The United States and Israel are friendly countries. Although they signed an agreement to refrain from carrying out spying activities against each other, an scandal occurred not long ago whereby Israel collected intelligence against the United States. Was this not a fact? In addition, the relations between China and the Soviet Union are not so close as those between the United States and Israel! In recent years, non-governmental trade and commercial intercourse at the Sino-Soviet border has greatly increased. The official contacts between the two sides, including bilateral border talks at lower levels have been conducted on several occasions. Border guards on both sides frequently hold tea parties to celebrate the other side's festivals. They send gifts to each other. The Sovciet officials drive their cars across the border, delivering goods and discussing business with the Chinese side. They also buy daily necessities and Japanese-made electric appliances. However, military search lights in the sentry posts on the banks of Heilong Jiang still illuminate the cold river every night.

In particular, the Soviet spying activities have never stopped.

A Frightening Plane Hijack

Facing the Soviet 'spy wars,' Beijing has sometimes been too sensitive.

Six months ago, a hijacked Soviet civil airplane entered Chinese air space, and the Chinese side doubted that it was a spy plane.

At 14:30 on 19 December 1985, two hours after taking of from Yakutsk airport, a Soviet An-24 civil aircraft carrying 38 passengers suddenly changed course for Irkutsk, and swiftly entered Chinese air space. At that time, the Chinese side was extremely nervous. The Air Force sent its planes to keep a close watch over this uninvited guest in the sky. The Soviet plane was forced to fly at minimum altitude -- at only five meters -- because it was running out of fuel. Eventually, it force landed on a frozen wheat field located at Jigang Township in Gannan County, Heilongjiang Province. A great number of public security officers rushed to the spot, closely examined the plane, and arrested a hijacker -- a Soviet man (copilot of the plane) called (Samili). After clarifying that it was a hijacked plane rather than a spy plane, the Chinese side handled the matter promptly. It even sent several hundred laborers, and transferred six bulldozers and one roller to build a simple runway, 800 meters in length and 20 meters in width, on the frozen wheat field so that the hijacked Soviet civil aircraft might take off and return to the Soviet Union.

In the course of the incident, it seemed that the Chinese side was too sensitive. But what it did, and the reactions made, conformed with the practice of a sovereign state. However, an explosion in a Chinese freighter which was sailing far from the Sino-Soviet border showed the Chinese side's carelessness with regard to its security measures.

Importing Modern Soviet Armored Vehicles and Tanks

Starting in 1979, the Chinese Army, Navy, and Air Force vigorously increased the process of modernization. One of the main targets of the Army was to establish a land assault force mainly composed of armored vehicles and tanks. For this reason, China has imported from foreign countries new technology for manufacturing tanks and other equipment. For example, it has imported from Britain technology and equipment for the "69-2" offensive tank. It has also imported "501" power-driven armored vehicles from Egypt. Such vehicles are produced by the Soviet Union, rather than by Egypt. They are Soviet BMP-type for infantry. Such vehicles were used in the fourth Middle East war to fight the U.S.-made vehicles owned by Israel. The Soviet vehicles functioned fairly satisfactorily. While importing such vehicles, the Chinese also planned to import technology for producing the latest type of Soviet T-80 offensive tanks.

If China tried to import the tanks directly from the Soviet Union, it would be flatly rejected. Therefore, it went around in circles to explore the possibility of importing such tanks from Eastern Europe. Romania possessed such tanks, and China asked the country to sell it one tank. At first, Romania rejected the demand. Later, it sold the tank to China because the latter made the demand again and again.

The T-80 tanks have the following four distinguishing features: 1) Short, small body; 2) the largest caliber gun in the world; 3) double protective armour which can resist neutron bombs; and 4) automatic shell loading equipment. This tank is one of the most modern in the world.

A Mysterious Explosion on the High Seas

Through well-conceived arrangements, the Chinese side secretly loaded the T-80 tank into a Chinese freighter berthed at the port of Konstanta, Romania. However, once the freighter was on the high seas, an explosion occurred, and the tank and freighter were damaged.

Why did the explosion occur? The number one "suspect" was a Soviet spy. But there was no evidence to support the conjecture. After the incident, the crew members of the ship were strictly examined and interrogated but no results were obtained, and nobody was arrested.

The explosion on the Black Sea shook the Zhongnanhai, and the higher leadership of the CPC once again talked about Soviet "spy wars."

Infrared Radiation and Nuclear Attack

People mentioned a matter which happened in the 1960's or 1970's. The Soviet authorities installed a detector which employed infrared radiation in a building on Moscow's Mount Lenin, which was opposite the Chinese Embassy in the Soviet Union. After discovering the plot, the Chinese side took strict precautions. Doors were closed and thick window curtains lowered when important meetings were held in the embassy.

Some people also talked about some "irrelevant matters." After the Zhenbao Island incident happened in March 1969, the then Soviet Defense Minister Andrey Grechko strongly advocated the use of nuclear weapons against China in order to "eradicate the threat from China" at one stroke. If most of the members of the CPSU Politburo had failed to oppose the idea, half of China might have been swallowed up by nuclear disaster.

Why did Grechko think that the Soviet Union could use nuclear bombs to "eradicate the threat from China" at one stroke? It was because according to the intelligence reports obtained by the Soviet Union, a great number of military facilities and arsenals in China were vulnerable to attack, and many of its air-raid shelters and cellars were not built in accordance with the requirements of nuclear warfare. Later, China also obtained intelligence reports, knowing that there were nuclear maniacs in the Soviet Union. The Chinese upgraded war preparations aimed mainly at preventing nuclear attack.

Monitoring the Soviet Nuclear Tests?

However, just as Grechko's ideas of nuclear attack did not represent Breznev's views, some people have maintained that Soviet spying activities against China are not necessarily linked with the name of Gorbachev. A friend of mine who is engaged in the study of international relations thought that spying activities were carried out by the Soviet Military authorities behind Gorbachev's back. The reason why the Soviet authorities do so is that China and the Americans are promoting scientific and technical cooperation in various fields, and some of the cooperative projects are allegedly for military purpose. Early this year, there was a report that China and the United States were conducting joint research on seismological observation, which was connected with monitoring Soviet underground nuclear tests. But the report was denied by the Chinese.

My friend also thought that although the party and government are already under Gorbachev's control his influence over the Army is still comparatively weak. Considering economic and political interests, Gorbachev cannot but think of a way to exercise control over the Army. Actually, the Defence Minister Sergey Sokolov has now been placed in a position as an alternate member of the CPSU Politburo but is not entitled to vote.

The Reaction from the Soviet Side -- Smile

My friend also believes that Gorbachev had shown some sincerity toward improving Sino-Soviet relations. The Soviet side has proposed the idea of mutual visits by foreign ministers of the two countries, and a summit meeting. It is also willing to provide loans for China on favorable terms, and cooperate with China to run joint enterprises. Not long ago, Gorbachev appointed Troyanovskiy as the new Soviet Ambassador to China. All this has also shown the friendly attitude of the Soviet Union. Troyanovskiy was formerly Soviet Ambassador to the United Nations. His new appointment is tantamount to an unofficial "upgrading" of Sino-Soviet relations.

The Soviet side has not reacted to Hu Yaobang's accusation about Soviet spying activities. Their only reaction has been a haphazard smile which is odd given the atmosphere. On 1 July, PRAVDA published an article celebrating the 65th anniversary of the founding of the CPC in order to further show the friendly attitude of the CPSU. [paragraph continues]

The article said: "Now, conditions exist for overcoming the difficulties arising in Soviet-Chinese relations, for strengthening traditional friendship between the Soviet and Chinese peoples, and for putting Soviet-Chinese relations on a course of good-neighborliness and cooperation."

Disputed U.S. Embassy Spy Case

When the Chinese side was exposing Soviet spying activities, a report spread in Beijing about a small "disputed spy case" involving China and the United States.

After the U.S. air raid on Libya, the U.S. Embassy in Beijing asked the Chinese side to strengthen security measures to guard against Libyan terrorist activities. The Chinese side accepted the demand by sending one more company of guards. However, one night a Chinese man climbed over the wall and jumped into the American Embassy. The man was caught by U.S. armed personnel (there are internal security guards in the American, Japanese and Soviet Embassies). After this incident the Chinese side said that the Chinese who jumped into the embassy was an informant who provided information for the United States, and wanted the U.S. side to hand the man over. However, the U.S. lodged a protest against the Chinese for letting a person jump into the embassy despite heavy precautions. The person was a petty thief, and had already "sneaked away," according to the Americans.

The Chinese and Americans each stuck to their own arguments. More information is needed in order to determine which side is right.

However, after the "disputed case" occurrence, Chinese public security institutions have reportedly paid more attention to the activities of the Americans, American reporters in particular. The public security personnel wished, of course, to catch an American "Larry Chin," or, at least, someone like a spy, to slightly warn the United States not to extend their information collecting activities to China.

After that, a NEW YORK TIMES correspondent called Burns unfortunately played this part. He went to some areas in Shanxi which were not open to foreigners, to take photos, and was arrested by the public security officials. There are many areas in Shanxi which are not open to foreigners. It has been reported that there are some "underground factories" producing military supplies, and some military facilities for repelling aggression. However, whether the American correspondent, of British nationality, was carrying out a legitimate news coverage activity, or gathering military information is determined by whether the Chinese side has ample evidence. There were too many false charges and wrong sentences of "spy suspects," "espionage," and "divulging secrets," in China. This impaired its prestige in the world. With regard to the Burns case, if China fails to produce convincing evidence, its prestige will be further impaired.

I believe that relations between the Soviet Union and China and between the United States and China will not be affected by the disputed spy case.

FBIS
DAILY REPORT
CONTENTS

China

Vol I No 150 5 August 1986

PRC INTERNATIONAL AFFAIRS

NORTHEAST ASIA

- Wu Xueqian Meets Japanese Party Adviser D 1
    - Hu Yaobang Meets Nikaido D 1
- Tokyo Bank of China Manager on Japanese Investment [ZHONGGUO XINWEN SHE 2 Aug] D 2
- Sino-Japanese Venture To Produce Optical Fibers D 2
- XINHUA Cites Nakasone Cabinet Economic Problems D 3

SOUTHEAST ASIA & PACIFIC

- Cambodian Rebel Commander Views Military Strength E 1

WESTERN EUROPE

- Austrian Interior Minister Visits Hebei 18 Jul G 1
    - Visits Shandong Province G 1
- Cyprus Dailies Subscribe to XINHUA News Service G 1
- Turkish Grand Assembly Delegation Visiting PRC G 2
    - Ye Fei Hosts Banquet G 2
- XINHUA Analyzes Upcoming Turkish Elections G 3
- Sino-Turkish Relations Anniversary Celebrated G 4
    - Anniversary Marked in Ankara G 4
- EC Offers Aid to Typhoon-Stricken Guangdong G 4

WESTERN HEMISPHERE

- PRC Agrees To Launch Satellite for Brazil J 1
- Panamanian Delegation Begins Beijing Visit J 1
    - Feted by Huang Hua J 1
    - Talks With Huang Hua J 2
    - Delegation Gives Return Banquet J 3
    - Meets With Zhao Ziyang J 3
    - Talks With Peng Zhen J 4
- New Envoys Appointed to Barbados, Nicaragua J 4

PRC NATIONAL AFFAIRS

- Central Officials View Shaanxi Cultural Work K 1
- Culture Minister Wang Meng Visits Xizang K 1
- Vice Minister of Culture on Leadership Work [RENMIN RIBAO 28 Jul] K 1
- Literary Critics on Portrayal of Modern Life [RENMIN RIBAO 2 Aug] K 7

- Li Peng Opens National Student Games in Dalian K 8
  - Li Peng Address K 9
- Scholar on History of 'Double Hundred' Policy K 11
- Du Runsheng Speaks on Second-Stage Rural Reform [NONGMIN RIBAO 21 Jul] K 12
- Discipline Bodies Urged To Support Reformers [RENMIN RIBAO 1 Aug] K 14
- 'Officials To Train Teachers' Reform Expanded [CHINA DAILY 4 Aug] K 15
- LIAOWANG on Population Control, Aging [28 Jul] K 16
- GUANGMING RIBAO on Use of Labor as Commodity [19 Jul] K 19
- RENMIN RIBAO on Eliminating Feudalism [1 Aug] K 20
- LIAOWANG on 'Long Term Coexistence' Concept [28 Jul] K 25
- HONGQI Focuses on Political Structural Reform K 28
- Trade Unionists Urged To Improve Ideological Work K 29

PRC REGIONAL AFFAIRS

EAST REGION

- Anhui Governor Addresses Meeting on Poverty [ANHUI RIBAO 17 Jul] O 1
- Chen Guangyi Visits Poor Fujian Counties [FUJIAN RIBAO 24 Jul] O 2
- Jiangsu Leaders on Handling People's Letters [XINHUA RIBAO 21 Jul] O 3
- Shanghai Mayor Praises Profitable Joint Venture O 4

CENTRAL-SOUTH REGION

- Flood Ebbs in Guangxi, Typhoon Kills 22 P 1
  - Secretary Discusses Relief Work P 1
- Hainan Military Educates on Legal System P 2
- Henan Official Sees Defects in Veteran Cadre Work P 2
- Hubei's Guan Guangfu at Poltical Work Conference P 3
- Changsha Garrison Headquarters Established P 4
- Hunan Military Leaders on Militia, Reserve Work P 4

SOUTHWEST REGION

- Xizang Congress Standing Committee Holds Meeting Q 1
- Xizang Leaders Attend Army Day Forum 31 July Q 1
- Xizang Secretary Attends Regional Seminar Q 2
- Chengdu, Xizang PLA Leaders Attend Ceremony Q 2
- Yunnan Province Border Guards Receive Gifts Q 2

NORTH REGION

- Beijing Secretary Addresses Democratic Forum [BEIJING RIBAO 25 Jul] R 1

TAIWAN

No Currency Concessions Seen in Talks With U.S. V 1
    Moderate Adjustment Possible V 1
    Official Discusses Revaluation V 2
New Steps To Deregulate Imports Announced [CHINA POST 29 Jul] V 3
Continued Preferential Status With U.S. Sought V 3
Nation's Interests Foremost at Talks With U.S. V 4
    BOFT Head Views Talks V 5
    Tariffs To Be Explained V 5

WU XUEQIAN MEETS WITH JAPANESE PARTY ADVISER

OW041220 Beijing XINHUA in English 1211 GMT 4 Aug 86

[Text] Beijing, August 4 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian met Susumu Nikaido, top adviser to the Liberal Democratic Party [LDP] of Japan, here this afternoon. They exchanged views on issues of common concern in a cordial and friendly atmosphere.

Speaking of Sino-Japanese relations, Susumu Nikaido said he often recalled his meeting with the late Premier Zhou Enlai in 1972 when the two countries normalized their diplomatic relations. "At that time" he said, "we were determined that Japan and China would live in peace and friendship for ever and never fight against each other." "I have always adhered to this faith," he added.

Wu thanked Nikaido for his contributions to friendly relations and cooperations between the two countries and expressed the hope that he would do even more in the future.

The meeting was followed by a dinner given by Wu for Nikaido and his party, who arrived here earlier today for a goodwill visit to China.

Hu Yaobang Meets Nikaido

OW051010 Beijing XINHUA in English 0951 GMT 5 Aug 86

[Text] Beidaihe, August 5 (XINHUA) -- Chinese party leader Hu Yaobang met here today with Susumu Nikaido, top adviser to the ruling Liberal Democratic Party of Japan. They conferred on the expansion of Sino-Japanese relations and international issues of common interest. This was Nikaido's seventh visit to China. He had met with Hu several times earlier.

Hu welcomed Nikaido as an "old friend of the Chinese people."

Nikaido said he had supported the development of Japanese-Chinese friendship since the resumption of the normalization of diplomatic relations between the two countries in 1972, and "I'll continue to contribute to this cause."

Hu Yaobang said that following the normalization of Sino-Japanese good nighorly relations, the Chinese Government and media respected Japan's internal affairs and external policies and have taken a positive of noninterference and non-criticism. Over the past 40 years and more, Japan has had a fairly good reputation internationally on the whole, Hu said but if it does something to hurt the feelings of the Asian people, it is tantamount to damaging its own image in the world.

Nikaido said, as a Japanese national, he keeps to the belief of maintaining everlasting peace between Japan and China, adding the Japanese Liberal Democratic Party and the Japanese people must make joint efforts to ensure longstanding peace and friendship between the two countries. He described it as "the foundation of Asian peace."

After the meeting, Hu gave a luncheon in honor of Nikaido and his party. Wu Xueqian, state councillor and foreign minister, was present on the occasion.

TOKYO BANK OF CHINA'S MANAGER ON JAPANESE INVESTMENT

HK040845 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0210 GMT 2 Aug 86

[Report: "Li Shutian Says Japan Is China's Main Target in Raising Foreign Funds" -- ZHONGGUO XINWEN SHE headline]

[Text] Tokyo, 2 Aug (ZHONGGUO XINWEN SHE) -- In a recent interview with a ZHONGGUO XINWEN SHE reporter, the manager of the Tokyo Branch of the Bank of China, Li Shutian said: The amount of foreign funds which China plans to raise during the Seventh 5-year Plan will notablly exceed $15 billion, the amount raised during the Sixth 5-Year Plan. Japan will remain China's main target in raising foreign funds.

Li Shutian said: Japan ranks first in the amount of foreign funds raised by China from various foreign countries and regions at present. The headquarters of the Bank of China has issued bonds six times in Japan over the past 3 years, amounting to more than 100 billion yen. In addition, loans from ordinary commercial banks are being sought.

Asked whether China is capable of paying its foreign debts, Li Shutian said that China would be capable of paying its foreign debts if she used the funds well in vigorously developing the production of export goods. Citing examples, he said: In 1983, China borrowed 70 billion yen from Japan for furnishing and developing the Daqing Petrochemical Plant. The debt can be paid off with the plant's profits in a few years. The Bank of China's ability to pay debts has earned it a good reputation in Japan. In a credit rating in 1984, the Japanese Bonds Research Institute gave the Bank of China the "34" grade, an excellent credit rating.

Financial cooperation between China and Japan is developing steadily. At present, Japan has set up more than 30 financial offices in Beijing, China's capital. Japanese banks have also set up offices in Chinese coastal cities, inclusing Dalian, Qingdao, Tianjin, Shanghai, and Guangzhou. This year, the Tokyo Bank, the Sanwa Bank, and the Hokkaido Development Bank have set up branches in China's Shenzhen Special Economic Zone.

SINO-JAPANESE VENTURE TO PRODUCE OPTICAL FIBERS

OW020950 Beijing XINHUA in English 0932 GMT 2 Aug 86

[Text] Beijing, August 2 (XINHUA) -- Sino-Japanese joint production of optical fibers and cable will begin in Xian in July 1987, according to an agreement signed here today. The new Shianfu Optic Fiber and Cable Co. ITD., a joint venture between China's state-owned Xian Electric Cable Factory and the Furukawa Electric Company ITD. of Japan, expects to produce 20,000 kilometers of optical fiber and 2,400 kilometers of optical cable a year.

The Xian plant will be able to meet part of China's annual need of 40,000 to 50,000 kilometers of optical cable, officials said. Most of its output will be used to improve mail and telecommunications and in railroad and power generation projects. Technology, machinery and testing instruments for the plant will come from Japan, which only recently received export permission from the agency of major capitalist power that reguates technology exports to communist countries -- the Paris-based coordinating committee for export control. The Chinese and Japanese partners will own equal shares in the Xian-based firm.

XINHUA CITES NAKASONE CABINET ECONOMIC PROBLEMS

OW021218 Beijing XINHUA in English 1141 GMT 2 Aug 86

[Nakasone's New Cabinet Faces Tricky Economic Task (by Zhang Kexi) -- XINHUA headline]

[Text] Tokyo, August 2 (XINHUA) -- The main task facing Prime Minister Yasuhiro Nakasone's reshuffled cabinet is to expand Japan's domestic market while changing its export-oriented economic structure it has long depended on. This must be done to overcome economic woes brought on by the rise of the yen against the U.S. dollar and to soften trade frictions with foreign nations because of mounting trade surpluses that favor Japan.

Observers in the Japanese capital believe that expanding domestic consumption must be tackled quickly, and relegate altering the economic structure to a long-term goal.

The yen has risen sharply against the U.S. dollar since last September, when finance ministers from Britain, France, Federal Germany, Japan and the United States agreed to bring down the value of the dollar.

The reason for placing such a task on the shoulders of Nakasone's cabinet can be traced to the problems inherent in Japan's huge trade surpluses, which have reached such an extent that foreign trade partners are clamoring for changes. Japan's trade surplus with the United States last year hit a record 43 billion U.S. dollars (figures released by Japanese officials), 11 billion dollars with the European Communities and 6 billion dollars with China.

Under one measure to correct the trade imbalance, the United States and some European countries have been allowing the yen to rise in a bid to reduce their trade deficits and to make Japanese goods expensive, making them less competitive in the international market.

So far, the move has been effective. According to statistics from the Japan Foreign Trade Association, Japanese exports have been decreasing for seven months, the scale of production and investment of equipment by medium and small manufacturers related to exports are shrinking, and fewer profits are being made. But, exports in ship-building, cement, nonferrous metal, chemical fiber and petrochemicals -- called "the depressive industries in structure" -- are showing an even worse record.

Such situations have panicked Japenese businessmen and manufacturers, who are demanding the government take powerful measures to spur an economic recovery.

The Nakasone cabinet, finding it difficult to expand exports for the moment, believes the most powerful lever for stimulating the economy is to expand domestic consumption. One Step the government is considering is to design a supplementary budget plan to increase public investment projects, enabling private companies to receive more orders to compensate for losses caused by the yen's rise.

The cabinet wants to turn the reins over to private companies so they can help enliven the country's economy. One example of this is privatizing Japan National Railways.

It is also promoting development in cities by easing legislative limitations on the country's city construction law, reducing taxes and implementing soft loans aimed at expanding investments in housing. The government also is considering measures to cut income, corporation and inheritance taxes, hoping these reductions will stimulate personal consumption.

A supplementary budget plan, said Finance Minister Kiichi Miyazawa, who advocates active finance, is aimed at enlarging the scale of public investment in line with requirements of the economic sector. Miyazawa noted that this was one of the secrets of success by which Japan created its postwar economic miracle.

However, Japan has been burdened with extra budgetary expenditures, making the supplementary budget plan only "a temporary measure." Many analysts see this as contradictory to financial reform.

Another administrative and financial target is to eliminate strains caused by overspending. This leaves the cabinet with a main headache: how to expand the domestic market while pursuing reform.

To change the economic structure is more difficult for the government, because the export-oriented structure must be converted to a domestic consumption-led one. Observers said that the very nature of Japan's economy can never be changed. The reason for this is very simple: Japan, which has a large population, insufficient natural resources and energy, has not, and will not, change its policy of "establishing the state on the basis of processing and trade," the observers said.

Restructuring the economy, according to the Ministry of International Trade and Industry, must rely on international coordination and creative use of information. International coordination, which the Japanese call "division of labor at international level," means to increase imports of cheap raw materials and primary products and to enlarge the scope of direct investment overseas. This is done in a bid to transfer the "depressive industries in structure," which already have lost or are losing their competitiveness in the international market, to foreign nations.

The creative use of information means to explore and expand activities of new technology industries to establish a highly informational society by mixing technological systems of different fields.

Nakasone's cabinet decided to set up an office, effective August 4, to promote economic restructuring. The office will be headed by the prime minister in a bid to strengthen instruction to ministries and agencies concerned. Meanwhile, the Ministry of International Trade and Industry is preparing an economic restructuring law to be approved at the next Diet (parliament) session.

During private talks with government officials, Nakasone said he is determined to carry out the reforms by stressing the importance of cutting out industries which have lost competitiveness.

Observers said that the economic restructuring basically is a continuation of the one Japan has endured since two oil shocks in the 1970s, as well as an inevitable trend of Japan's economic development. But, they predicted, that Japan will play a more important and significant role in the world economy after adapting to the situation caused by the yen's steep rise.

CAMBODIAN REBEL COMMANDER VIEWS MILITARY STRENGTH

OW042202 Beijing XINHUA in English 1548 GMT 04 Aug 86

["Exclusive Interview: Nationalist Sihanoukian Army Becomes Stronger (by Ma Shengrong)" -- XINHUA headline]

[Text] Bangkok, August 4 (XINHUA) -- "The Nationalist Sihanoukian Army (ANS) has become stronger and is determined to fight to the end in the war against Vietnamese aggression," Prince Norodom Chakrapong said in an exclusive interview with XINHUA last week. The prince, who is deputy chief of general staff of ANS, said that over 12,000 ANS fighters operated in the war against the Vietnamese during the last dry season. "We have not been crushed by the Vietnamese. They hit us hard during their 1984-85 dry season offensive. But we managed to shift our forces to the interior of Kampuchea and carry out a guerrilla war against the aggressors," he said.

ANS had a very difficult time after losing its base at Ta Tum in mountainous northwest Kampuchea. According to the prince, Ta Tum had served as the headquartesr of ANS after ANS lost its three bases at O-Smach, O-Ksach and Panhchak-Seikas along the Kampuchean-Thai border in 1983. The bases were set up in 1979 by three groups of Sihanoukian loyalists who had been forced to taked up arms against the Viethamese aggressors.

In 1980, the three groups came under the name of ANS, later, in March 1981, In Tam was appointed ANS commander-in-chief by Prince Norodom Sihanouk following the establishment of the National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia (FUNCINPEC). This resistance force steadily developed in the following two years. By 1984, it had set up six brigades with over 4,000 armed men and some 5,000 reserves. Prince Chakrapong said that ANS lost only about 100 soldiers in the 1984-85 dry season offensive by the Vietnamese. "We were prepared for the Vietnamese attack. So we moved out our troops and weapons before the Vietnamese went into our bases," he said.

The 1985-86 dry season saw the steady growth of ANS in northwest Kampuchea, particularly in athe three provinces of Battambang, Oddar Meanchey and Siem Reap. According to Chakrapong, ANS with a force of 8,000 men in the interior has set up mobile bases in the mountainous areas in three provinces and along the Battambang River. "With these mobile bases, it is easy for us to move from place to place and fight the aggressors but difficult for the enemy to find us," the prince said.

Meanwhile, ANS has also strengthened its cooperation with the two other resistance forces under the Coalition Goverment of Democratic Kampucha (CGDK). Senior ANS military officers earlier said that ANS joined other forces in the battle against Battambang City in late March this year, the first large-scale offensive launched by the joint forces of the CGDK. "Our cooperation has been going on quite well and we will further strengthen the cooperation between the resistance forces," Chakrapong said.

In the first six months of this year, Chakrapong said, 676 Vietnamese were killed and 662 others wounded by ANS with the cooperation of other resistance forces. Nineth-nine ANS soldiers lost their lives and 250 were wounded in military actions against the enemy, he added. While continuing fighting inside Kampuchea, ANS has been moving its troops to the bases for rest and reorganization since the raining season set in laste May. Chakrapong disclosed that his force plans to move into the central provinces of Kampuceha in the coming dry season.

AUSTRIAN INTERIOR MINISTER VISITS HEBEI 18 JUL

SK010158 Shijiazhuang HEBEI RIBAO in Chinese 20 Jul 86 p 1

[Text] At the invitation of Ruan Chongwu, minister of public security; Karl Blecha, minister for the interior of the Republic of Austria and vice chairman of the Austrian Socialist Party; and five members of his entourage visited Chengde on 18 and 19 July. On the evening of 18 July, Zhang Runshen, vice governor of the province, and responsible comrades of Chengde City and the Foreign Affairs Bureau of the Ministry of Public Security received and presented souvenirs to the Austrian guests at the Ligong Yurt Guesthouse, and feted them at the Fangyuan Residence.

During their stay in Chengde, the Austrian guests respectively visited mountain villas at a summer resort and Waiba Temple. Zhou Liqian, director of the provincial Public Security Department, welcomed and saw off the guests at the railway station upon their arrival and departure from Chengde.

Visits Shandong Province

SK010846 Jinan DAZHONG RIBAO in Chinese 23 Jul 86 p 1

[Text] At the invitation of Ruan Chongwu, minister of public security; Karl Blecha, interior minister of the Republic of Austria and vice chairman of the Austrian Socialist Party; and five members of his entourage arrived in Qingdao on 21 July for a friendly visit.

Accompanied by Meng Zhaoju, director of the provincial Public Security Department, Minister Karl Blecha and his party toured Qingdao City, watched a demonstration of basic skills performed by the Qingdao Branch of the Armed Police Force, and visited the Zhongshan Road police station.

The same evening, Vice Governor Ma Lianli met with and feted Karl Blecha and his party, and warmly praised his active contributions to the development of the friendship between China and Austria.

Minister Karl Blecha and his party will leave Qingdao on the afternoon of 23 July, and will continue their visit in Guangzhou and other areas.

CYPRUS DAILIES SUBSCRIBE TO XINHUA NEWS SERVICE

OW020150 Beijing XINHUA in English 2354 GMT 1 Aug 86

[Text] Nicosia, August 1 (XINHUA) -- The Cyprus Press and Information Office and two Cypriot daily newspapers have become the first three subscribers of China's XINHUA News Agency's English news service in Cyprus. The teleprinted XINHUA transmissions have been normally received in Nicosia since July 18.

On the occasion of signing an agreement on receiving XINHUA transmissions, Kipros Psillidhes, director of the Cyprus Press and Information Office, expressed the conviction that the agreement contributes to a wider understanding in Cyprus of the positions and views of China and would constitute a valuable source of world information.

TURKISH GRAND ASSEMBLY DELEGATION VISITING PRC

OW011648 Beijing XINHUA in English 1410 GMT 1 Aug 86

[Text] Ankara, August 1 (XINHUA) -- The friendly cooperation between China and Turkey is wide, particularly in economic field, as there is no dispute between the two countries, a Turkish official said here today.

Talking to XINHUA before leaving here for a 10-day visit to China, Halil Sivgin, chairman of the Turkey-China friendship group of the Grand Assembly, said the visit of the Turkish grand assembly friendship delegation led by him is aimed at strengthening the traditional friendship between the two peoples.

His delegation is the first Turkey-China friendship organization to visit China. The 12-member delegation which includes a deputy speaker and members of the Grand Assembly will attend celebrations of the 15th anniversary of the establishment of diplomatic relations between the two countries in Beijing.

Ye Fei Hosts Banquet

OW031656 Beijing XINHUA in English 1437 GMT 3 Aug 86

[Text] Beijing, August 3 (XINHUA) -- A delegation from the Turkey-China friendship group of the Turkish Grand National Assembly was honored at a banquet given by the Standing Committee of the National People's Congress here this evening.

Ye Fei, vice-chairman of the NPC Standing Committee, hosted the banquet and met with Halil Sivgin, leader of the delegation and chairman of the Turkey-China friendship group, and other members of the delegation including two deputy speakers before the banquet started.

In her toast, Lei Jieqiong, member of the NPC Standing Committee and chairman of the China-Turkey friendship group of the NPC, welcomed the delegation's China visit on the occasion of the 15th anniversary of the establishment of diplomatic relations between the two countries. She noted great progress in bilateral cooperation and contacts in political, economic, cultural and educational fields over the past 15 years.

She said Chinese Premier Zhao Ziyang visited Turkey not long ago. The exchange of visits between leaders of the two countries fully demonstrates that bilateral friendly relations and cooperation have been developed to a new stage.

Sivgin said Turkey and China enjoy time-honored and friendly relations. Identical views they have shared on many international issues have brought them closer. He said economic development of China and Turkey will provide an important guarantee for the regional peace.

This morning the two friendship groups held talks during which both Lei Jieqiong and Sivgin gave briefings on the set-ups of their respective parliaments and exchanged experience on parliamentary work. The delegation arrived here yesterday evening for a nine-day friendly visit to China at the invitation of the China-Turkey friendship group of the NPC.

XINHUA ANALYZES UPCOMING TURKISH ELECTIONS

OW020330 Beijing XINHUA in English 0015 GMT 2 Aug 86

["News Analysis: Sizzling Hot Summer in Turkey's Political Life -- (by Qian Wenrong)" -- XINHUA headline]

[Text] Istanbul, Turkey, August 1 (XINHA) -- The Turkish people are living in the very hot days both physically and politically this summer. Since the Turkish Grand National Assembly announced on July 11 its decision to hold by-elections on September 28 this year, leaders of various political parties have been busy with campaigning tours in the country. Radio and TV programs and newspapers are overwhelmed by the news reports on the campaigning activities.

The long-awaited by-elections have to be held because the deaths of parliamentary members since the November 1983 general elections have left 11 seats vacant.

Politicans and the public here hold that the up-coming by-elections will be a "very important political event" in the country not because they will produce 11 new parliamentary members to fill the vacancies, but they will produce profound influence on Turkey's political life in the future.

The Turkish press has described the by-elections as a new step on the road to democracy in the country after the military takeover on September 12, 1980.

During the November 1983 general election which was regarded as a "hopeful sign" in Turkey's transition to a normal democratic regime, only three parties were allowed to participate in the election compaign while three others were prohibited. Now the by-elections are devoid of all restrictions for all parties except former political leaders who are still not allowed to become candidates in the polls.

The by-elections also will be a major test for the ruling motherland party, especially for Prime Minister Turgut Ozal's economic reforms in the last three years since he came to power.

Public opinion here widely holds that the ruling motherland party is expected to win the majority of the 11 seats due to Ozal's successes in developing national economy in some fields. What causes the serious concern in the public eyes is the mushrooming of political parties which might cause political tensions in the country.

In the past three years, some political parties have been reorganized or merged and some new parties have been founded. Only one of the three parties that took part in last general elections remains while eight new parties have emerged. Now altogether 12 parties will participate in the contesting and eight of the opposition parties have occupied 160 of the 400 seats in the assembly.

Public opinion believes that the by-elections will pass the rivalry mainly between the ruling Motherland Party and the opposition Social Democratic Populist Party which was reorganized last year through the merge of the Social Democratic Party with the Populist Party. Leaders of these parties will use the by-election to spread their influence among the people so that they will become real and stronger rivals in the next general elections which is expected to be held in 1985.

SINO-TURKISH RELATIONS ANNIVERSARY CELEBRATED

OW041200 Beijing XINHUA in English 1141 GMT 4 Aug 86

[Text] Beijing, August 4 (XINHUA) -- Tomur Bayer, the charge d'affaires a.i. of the Turkish Embassy in China, and Mrs Bayer gave a reception in celebration of the 15th anniversary of the establishment of diplomatic relations between Turkey and China at the embassy here this evening.

The reception was also in honor of a delegation from the Turkey-China Friendship Group of the Turkish Grand National Assembly led by the group's chairman Halil Sivgin. The delegation arrived here August 2.

Among the guests attending the reception were Ye Fei, vice-chairman of the Standing Committee of the National People's Congress, Lei Jiqiong, vice-chairman of the national Committee of the Chinese People's Political Consultative Conference and chairman of the China-Turkey Friendship Group of the NPC, and leading members of other departments concerned.

Anniversary Marked in Ankara

OW050200 Beijing XINHUA in English 0021 GMT 5 Aug 86

[Text] Ankara, August 4 (XINHUA) -- The 15th anniversary of the establishment of diplomatic relations between China and Turkey was celebrated at a reception given here this evening by Chinese Ambassador to Turkey Zhan Shiliang.

Present at the reception were Turkish Deputy Prime Minister Kaya Erdem, Foreign Minister Vahit Halefoglu, Minister of State Kazim Oksay and other high-ranking officials and officers.

China and Turkey established diplomatic relations on August 4, 1971 when representatives of the two countries signed an agreement to the effect in Paris. Relations between the two countries have since developed rapidly.

EC OFFERS AID TO TYPHOON-STRICKEN GUANGDONG

OW050300 Beijing XINHUA in English 0038 GMT 5 Aug 86

[Text] Brussels, August 4 (XINHUA) -- The Commission of the European Community (EC) announced today it will provide emergency aid of 500,000 European currency units (ecus) (about 495,000 U.S. dollars) to China to help relieve the people in its Guangdong province, which was heavily pounded by typhoon "Peggy". The funds will be used to help furnish and distribute the basic necessities for the people in the disaster area. Typhoon "Peggy" ravaged Guangdong Province last month, causing 210 deaths and 1,740 injures. It also destroyed 364,000 houses and flooded 600,000 hectares of cultivable land.

PRC AGREES TO LAUNCH SATELLITE FOR BRAZIL

OW030234 Beijing XINHUA in English 0153 GMT 3 Aug 86

[Text] Brasilia, August 2 (XINHUA) -- Brazil and China have agreed to cooperate in manufacturing and launching a satellite for gathering meteorological and agricultural information, Science and Technology Minister Renato Archer told reporters Friday.

The satellite will be put into orbit by a Chinese-made 48-meter-long "Long March III" rocket, the minister said.

The cost of the project, estimated at six million U.S. dollars, will be shared equally.

During a visit to Beijing last week, Archer signed the satellite agreement as well as other technological cooperation accords for genetic engineering and integrated circuits. The minister also said China is interested in buying Brazilian microcomputers and has promised a market for such Brazilian products.

PANAMANIAN DELEGATION BEGINS BEIJING VISIT

OW020946 Beijing XINHUA in English 0709 GMT 2 Aug 86

[Text] Beijing, August 2 (XINHUA) -- A National Legislative Assembly delegation from Panama led by President of the Assembly Camilo Gozaine arrived here this afternoon for a six-day goodwill visit to China as guests of the National People's Congress Standing Committee. This is the first delegation sent by the Panamanian National Legislative Assembly to visit China.

The delegation was greeted at the airport by Huang Hua, vice-chairman of the NPC Standing Committee, on behalf of Chairman Peng Zhen. Zeng Tao, member of the NPC Standing Committee, also went to meet the guests at the airport.

Feted by Huang Hua

OW021442 Beijing XINHUA in English 1430 GMT 2 Aug 86

[Text] Beijing, August 2 (XINHUA) -- Chinese leader Huang Hua pledged here tonight that China would continue to support the Panamanian Government and people in their just struggle for recovering sovereignty over the Panama Canal and the Canal Zone.

Speaking at a banquet in honor of the Panamanian Legislative Assembly delegation, the first ever sent to China, led by President of the Assembly Camilo Gozaine, Huang said that the Panamanian Government and people have scored great achievements over the past 20 years.

Huang, vice-chairman of the National People's Congress Standing Committee, spoke highly of Panama's independent and nonaligned foreign policy, as well as its unremitting efforts for the peaceful settlement of regional conflicts, which, he added, had won the admiration of the international community. "We feel very happy for the achievements the Panamanian people have made in safeguarding state sovereignty and developing their national economy and in international affairs," he said.

Though China and Panama are far apart geographically, he said, they have had similar historical experiences and are now confronted with common tasks to defend their countries' independence, develop their national economies and safeguard world peace. "Our hearts beat in harmony and there is no fundamental conflict of interests between us," he stressed. Over the past few years, Huang said, contacts between China and Panama in various fields have been increasing, and he was convinced that the visit of the delegation would promote the development of bilateral relations, and enhance understanding and friendship between the two peoples.

In his speech, Gozaine said that the delegation is expecting to open a channel of friendship to China, and he also spoke highly of the contributions made by the Chinese in developing the Panama Canal. He hoped "to bring back China's successful experiences in construction work to benefit the Latin American countries."

He expressed his belief that the Panamanian people would overcome the serious economic and political difficulties facing them now, with the support of the Chinese people and to realize the promise that the canal will serve the people of the whole world by the year 2000. The Panamanian guests visited the Palace Museum here earlier today.

Talks With Huang Hua

OW031449 Beijing XINHUA in English 1428 GMT 3 Aug 86

[kText] Beijing, August 3 (XINHUA) -- China firmly supports the correct positions of the Contadora Group on the settlement of conflicts in Central America and sympathizes with and supports the Panamanian people in their struggle for recovering the sovereignty over the Panama Canal Zone.

This was stated by Huang Hua, vice-chairman of the National People's Congress Standing Committee, during his talks here today with a National Legislative Assembly delegation from Panama led by President of the Assembly Camila Gozaine. Huang said China is greatly concerned with the situation in Central America.

Speaking of China's independent, peaceful foreign policy, Huang said China is willing to develop friendly relations with all countries on the basis of the five principles of peaceful coexistence. Huang said China attached great importance to the first delegation to China from the Panamanian National Legislative Assembly. "It opened the channel for exchanges between the parliaments of the two countries," he said. He expressed the hope that economic and trade relations between the two countries would be enhanced.

Members of the Panamanian Legislative Assembly present at the talks said their current visit to China would bring the two countries closer and promote the development of their relations. They hoped that further efforts would be made to develop bilateral cultural and trade exchanges. Camilo Gozaine described today's talks as being very beneficial, saying that "we have seen the friendship, understanding and mutual support between a country with a long history and a young country."

During the talks, some members of the NPC Standing Committee briefed the Panamanian delegation on the concept of "one country, two systems" and China's educational and economic systems.

Delegation Gives Return Banquet

OW031528 Beijing XINHUA in English 1442 GMT 3 Aug 86

[Text] Beijing, August 3 (XINHUA) — Camilo Gozaine, president of the Panamanian Legislative Assembly, hosted a return banquet at the Great Hall of the People here tonight. He said in a brief toast that although Panama and China had no diplomatic ties yet the friendship and exchanges between the peoples of the two countries go back to ancient times. The president thanked the Chinese Government for the support to the Panamanian people when they were in difficulties. Huang Hua, vice-chairman of the National People's Congress (NPC) Standing Committee, said the NPC Standing Committee will make its due efforts for the promotion of Sino-Panamanian relations in all fields.

Meets With Zhao Zijang

OW041430 Beijing XINHUA in English 1417 GMT 4 Aug 86

[Text] Beidaihe, August 4 (XINHUA) -- Chinese Premier Zhao Ziyang said China and Latin American countries have common interests in the two fundamental issues of the present-day world -- peace and development. He was speaking during a meeting at this seaside resort today with a National Legislative Assembly delegation from Panama led by President of the Assembly Camilo Gozaine. Zhao said China and Latin American countries including Panama have common positions on the two issues and should further develop their relations. Necessary conditions for doing so are there, he added. He noted that China and Latin American countries share identical or similar positions on a series of international issues and that these common points outweigh the geographic distance between them and differences in their social systems and ideology. The premier said China attaches great importance to the current visit by the Panamanian delegation and expressed the conviction that the visit would contribute to the further development of bilateral relations.

Camilo Gozaine said that the Panamanian people cherish friendly feelings toward the Chinese people and that the delegation's visit would strengthen friendship between the two peoples. He told Zhao that some entrepreneurs are included in the delegation and they are willing to contact their Chinese counterparts for closer trade relations. He expressed the hope that trade and personnel exchanges between the two countries would further inrease. Sharing this view with Camilo Gozaine, Zhao said both sides should adopt a more positive attitude towards bilateral trade and personnel exchanges.

Zhao pointed out that there were great potentials for the development of barter trade and other forms of trade between the two countries on a basis of mutual benefit and meeting each other's needs. He said China would always open itself to Panama and he welcomed Panamanian friends in various circles to visit China. The premier praised Panama's policies advocating independence, non-alignment and the settlement of Central American issues by Central American countries themselves.

Present on the occasion was Vice-Chairman Huang Hua of the Standing Committee of the National People's Congress. The delegation arrived here from Beijing by air earlier this afternoon. This morning they were visited at the State Guest House in Beijing by officials from the Ministry of Foreign Affairs, Ministry of Foreign Economic Relations and Trade, and the China Council for the Promotion of International Trade.

Talks With Peng Zhen

OW041934 Beijing XINHUA in English 1500 GMT 04 Aug 86

[Text] Beidaihe, August 4 (XINHUA) -- The China visit by the Panamanian Legislative Assembly delegation has turned a new page in the annals of exchanges between the two peoples and will promote relations between the two countries.

This was stated by Peng Zhen, chairman of the National Committee of the National People's Congress during a meeting with a delegation from the Panamanian Legislative Assembly here this afternoon. Peng told the delegation that both countries are engaged in developing national economy, improving people's living standards and opposing hegemonism.

"What we should do now is to enhance mutual understanding and explore possibilities of developing bilateral friendly relations in various fields," he said. Peng said the delegation's visit strengthened mutual understanding between the two peoples.

He said China and Panama have common experience in opposing imperialism and oppression and are both Third World countries. The development of the Third World countries is a guarantee for the world peace, Peng added. He also briefed the guests on China's independent and peaceful foreign policy and the five principles of peaceful coexistence it follows.

Camilo Goziane said the Panamanian Legislative Assembly regarded the delegation's China visit very important. Noting that friendly relations between the two peoples date back to ancient times, he said "We will develop such relations and make them deeper."

He said the Panamanian Legislative Assembly believes that the Chinese people have always respected the freedom and rights of other peoples and it is willing to strengthen its ties with China's National People's Congress in the interest of developing the time-honored friendship between the peoples of the two countries.

NEW ENVOYS APPOINTED TO BARBADOS, NICARAGUA

OW012345 Beijing XINHUA Domestic Service in Chinese 1343 GMT 1 Aug 86

[Text] Beijing, 1 Aug (XINHUA) -- In accordance with the decision of the NPC Standing Committee, Li Xiannian, president of the People's Republic of China, announced the following dismissal and appointments:

1. Gu Zhifang [7357 1807 2455] has been appointed ambassador plenipotentiary and extraordinary to Barbados and concurrently ambassador plenipotentiary and extraordinary to Antigua, Barbuda and Grenada. Li Jie [2621 7327] has been relieved from his post as ambassador plenipotentiary and extraordinary to Barbados and concurrently ambassador plenipotentiary and extraordinary to Antigua and Barbuda.

2. Yu Chengren [0205 2052 0088] has been appointed ambassadir plenipotentiary and extraordinary to Republic of Nicaragua.

CENTRAL OFFICIALS VIEW SHAANXI CULTURAL WORKS

HK020227 Xian Shaanxi Provincial Service in Mandarin 0100 GMT 2 Aug 86

[Text] According to SHAANXI RIBAO, Minister of Culture Wang Meng and CPC Central Committee Propaganda Department Deputy Director He Jingzhi recently gave the following evaluation of literature and art work in Shaanxi:

Wang Meng said that Shaanxi is a mansion of culture in China. It has a great cultural heritage and holds a very important position in the whole country. It should attract still more attention.

He Jingzhi said: Conditions have changed in recent years. Shaanxi's literatue and art workers have advanced in the forefront, expressing the revolutionary literature and art traditions and also developing them somewhat.

CULTURE MINISTER WANG MENG VISITS XIZANG

HK020155 Lhasa Xizang Revional Service in Mandarin 1130 GMT 1 Aug 86

[Text] The well-known writer Wang Meng, minister of culture, arrived in Lhasa by plane on 31 July. He will take part in the celebrations of the [word indistinct] festival and will also investigate and study, tour various places, and provide guidance for cultural and arts work in Xizang.

Wang Meng was welcomed at the airport by Dangzin, deputy secretary of the regional CPC Committee; Tudao Doje, vice chairman of the regional Peole's Government; and responsible comrades of the regional CPC Committee's Propaganda Department, and the regional Cultural Bureau, Literature and Art Federation, and Minority Nationalities Commission. Wu Jinghua, Pagbalha Celeg Namgya, Doje Cering, and Mao Rubai, who were also at the airport, also met Comrade Wang Meng there.

VICE MINISTER OF CULTURE ON LEADERSHIPS WORK

HK040321 Beijing RENMIN RIBAO in Chinese 28 Jul 86 p 7

[Article by Gao Zhanxiang: "Cultural Leadership Work Must Be Suited to the New Situation of Reform and Opening Up" — capitalized passages published in boldface]

[Text] The present new situation in China is characterized by the steady development of its culture and arts. Under the new circumstances brought about by socialist modernization and the reforms, cultural work in this country is occupying a more important place than ever before. Leaders of the cultural affairs departments should enhance their understanding of various policies, the reforms, and various strategies, have a better idea of serving, think and work in significantly better ways, and significantly improve their leadership in order to be able to adapt themselves to the reforms, the implementation of the opening up policy and to make the country's culture and arts flourish.

ENHANCE OUR UNDERSTANDING OF VARIOUS POLICIES AND DEVOTE VIGOROUS EFFORTS TO CONDUCTING RESEARCH AND INVESTIGATIONS AND TO PERFECTING VARIOUS POLICIES IN ORDER TO ADAPT OURSELVES TO THE CHANGES IN THE FUNCTIONS OF THE LEADERSHIP ORGANS.

Not long ago, during an interview in Belgrade with Mirko Dekie, editor-in-chief of Yugoslavia's NEDELJNE INFORMATIVON NOVINE, Premier Zhao Ziyang made some important remarks on changes in government functions. He stressed: "With the all-round development of the economic restructuring, the functions of the government will change somewhat. Government departments and personnel should also be gradually transformed, without this it is impossible to meet the demands of the economic restructuring." The Ministry of Culture is a government organ in charge of cultural work and its functions should also be changed accordingly. This is a new topic to be carefully studied by the leaders of our cultural affairs departments.

First, it is necessary to appropriately shift the focus of leadership over cultural work, that is, to devote our major efforts to conducting research and investigations and to solving practical problems. It is necessary to pay attention to discarding the past practice of stressing conferences, the issuance and circulation of documents, and the organization of shows and competitions at the expense of other activities. Although it is still necessary to organize high-quality, inspiring activities that can serve as models and produce an impact on the people, and although we will continue to organize such activities in the future, generally speaking, the leadership organs should avoid concentrating their manpower and resources in this area. They should devote their main efforts to conducting research and investigations, to policy making, and to giving overall guidance.

Second, it is necessary to try to free ourselves from trivial routine matters and to pay more attention to law making and perfecting various policies. As a consequence of the administrative means employed in cultural work for a long time, the nature of cultural work, its standing, its funding, the personnel employed in it, its fruits, and its artistic creations were neither ensured nor protected by laws. People realized, through years of practice, that if cultural work, art, and literature are to flourish, they must be protected by laws and policies.

In order to further liberate the productive forces in art, we should gradually formulate a whole set of scientific, interrelated policies. The problem of whether or not we can bring about steady, coordinated, long-term development of our cultural work and arts depends very much on this. In the face of complicated issues, we can never succeed by applying unsophisticated methods alone. We must try to solve important problems with universal significance by making laws and formulating policies.

Furthermore, it is necessary to boldly simplify administration and decentralize power in regard to "local affairs" and to strive to avoid concentrating our attention on specific issues in order to devote more energy to "national affairs." Without simplifying administration and decentralizing power in regard to "local affairs," we can never satisfactorily manage "national affairs" or adapt ourselves to the changes in the functions of government organs. Only by decentralizing power can we enhance the vitality of grassroots units, arouse the enthusiasm of our subordinates, enable our leaders to go deep among the masses, and bring about changes in the functions of the leadership organs in the cultural departments.

In order to adapt our work to the changes in the functions of government organs, we should introduce major changes to our leadership style. In addition, we also should make the appropriate readjustments regarding manpower, material and financial resources. For example, we can recruit more researchers, form brain trusts, and allow the latter to exert themselves to the utmost in decision-making and policymaking.

II

HAVE A BETTER UNDERSTANDING OF THE REFORMS, PROTECT AND SUPPORT THE REFORMERS, AND FACILITATE THE IN-DEPT DEVELOPMENT OF THE REFORMS IN LITERATURE AND ART.

First, in literature and art, it is necessary to resolutely carry out reforms. Not long ago, I visited some 30 literary and art organizations and chatted with their members. I felt profoundly that these organizations, which find themselves in a transitional period, are experiencing new challenges, contradictions, and great difficulties. How can they find a way out? Units which have been successful with reforms provided me with an answer — we should ask the reforms for away out, for vitality, for audiences, and for benefits. The road of reforms is one full of difficulties and obstacles. However, it leads toward development and revitalization. In order to speed up the transformation of the old system governing literatue and art into a new one, we must carry out reforms in various areas. For example, we can reform the leadership system, the hierarchy of organs, the personnel system, the wage system, and the troupe management system and carry out reforms in art and literature.

In the course of the reforms, we should encourage people to explore, encourage competition, and enhance the vitality of various troupes. In the futurte, in grading troupes, we should no longer resort to administrative means. We should grade them by observing their performance in competition and sift out the outstanding ones from the inferior ones. In this way, we can help the advanced become more advanced and help the backward catch up with the advanced. However, those complacent ones who are content to remain mediocre will be eliminated in due course. They should strive to survive competiton and seek splendor and development. In the final analysis, the purpose of the reforms in art and literature are to arouse people's enthusiasm, to liberate the artistic productive forces, "to train people, to produce movies, operas, and, above all, results," and to meet the people's spiritual needs with excellent spiritual food.

Second, it is necessary to correctly handle the problems arising from the reforms in literature and art nad to protect the reformers on the literature and art front as we are protecting the reformers on the economic front. Not long ago, the reforms in literature and art produced some desirable and some undesirable results and we had both rewarding and bitter experiences. If we can correctly sum up the experience gained in the course of the reforms, we will be able to transform them into wealth. The attention we paid to overcoming the practice of "eating from the same big pot" and "egalitarianism" a short while ago has produced some positive results. We should stick to our course without constantly changing our minds. As for the problems that have emerged, we should try to solve them by perfecting things. The policies concerning the economic reforms are ones stressing the need to perfect things. Thus, the departments in charge of the production of spiritual products should, as the economic affairs departments did, adopt "a policy of perfecting things" on order to solve the problems of "eating from the same big pot" and "egalitarianism." [paragraph continues]

The should also establish a well-conceived system of responsibilities for the production of art works and make the reform of the literature and art organizations and of various performance troupes thoroughgoing.

The problem of protecting and supporting the reformers is central to the problem of how to correctly view the reforms. At this point, I must emphasize that we should adopt a correct attitude toward those who have made mistakes in the course of the reforms. The reforms are a brand-new cause and our road is a new road. We have neither an example nor a single set pattern to follow. The reforms are just explorations and an attempt to innovate. Thus, failures and mistakes are permitted. We should handle those who have made mistakes in the course of the reforms by applying the eight-character principle of "digesting the lessons learned and forgiving people." If we keep blaming people or even punish them or remove them from office for their minor mistakes, no one will dare be the first explorer to "eat crab meat [chi pang xie -- 0676 5824 5851]." We must never allow the tragedy of "letting the most prominent rafter rot first" to repeat itself. Our leaders at various levels should be fair to the reformers and, in particular, to those sincere reformers who have made mistakes. In the event that problems arise from the reforms, it is necessary to devote efforts to "guiding people," to "tuning [wei tiao -- 1792 6148]," and to perfecting things.

Furthermore, it is necessary to boldly and satisfactorily carry out reforms in the light of those crucial problems which affect the development of the artistic productive forces. Many things are involved in the reforms, various localities can decide on the focuses of the reforms, the necessary steps, and their own methods in accordance with the local circumstances. Generally speaking, at present, we should pay more attention to the reform of the leadership system practiced in various organs and the reform of the system governing the management of performance troupes.

The structural reform of the leadership organs is an important part of the reform of the political structure. It can be seen that we cannot adapt ourselves to the current situation without reforming the political structure. The guiding ideology underlying the structural reform of various organs should be that this reform should help us serve the grass roots better, give better overall guidance, work more efficiently, boost the vitality of grassroots units, and let loose the artistic productive forces. So long as this reform can help us "do the above five things," we should resolutely carry it out, despite the great difficulties we may encounter. In carrying out the structural reform of various organs, we should pay special attention to appointing personnel and, in particular, to selecting good leading bodies. Members of these leading bodies shoiuld be young people with the courage to explore, innovate, boldly hold firm to the reforms and act with a high sense of social responsibility. They should adhere to the principle that literature and art should serve the people and socialism, attach great importance to social benefits, and correctly handle the relationship between social benefits and economic benefits. The leading members of these leading bodies should have a knowledge of the principles of art and of the management of cultural affairs. [paragraph continues]

In addition, they should be professionally well-trained and culturally well-cultivated. We should boldly employ those competent young people who have not established their reputations and discard the idea that only famous artists with well-established reputations are trustworthy. Members of the new leading bodies must be impartial and upright and wholeheartedly work hard toward the goal of the revitalization of literature and art.

We must also resolutely and satisfactorily reform the performance troupes. Our problems in this regard are roughly those of reforming the leadership system practiced among various performance troupes, making rational arrangements, "streamlining their staffs," and organizing their service around various lists of operas, plays, and so on. The most difficult problem is that of "streamlining their staffs." We should resolutely devote more effort to this problem. Concerning this problem Shandong has scored some initial success and various localities have gained some experience. So long as the leaders pay attention to this problem and do their work carefully, this problem can be solved.

III

Enhance our understanding of various strategies and dig into the strategies for cultural development in order to facilitate coordinated coultural, political, and economic development.

As a result of social development, people are paying increasing attention to the problem of cultural strategies and development. Recently, in Shanghai, Beijing, and some other parts of the country, people have begun to give serious thought to the problem of cultural development strategies, thus resulting in a "cultural craze" in the country. This cultural craze is an inevitable result of the development of socialism. The waves stirred up by the reforms are eroding the people's old ideas, old concepts, old customs, and old habits and encouraging people to look for new ideas and new concepts that are compatible with the reforms and to reexamine their traditional culture with a view toward acquiring new ideas, new concepts, and new cultural views that are consistent with the country's commodity economy.

Social development is an integrated process. We should acquire the modern concept of viewing a situation as a whole. The course of socialist modernization is one combining the courses of political development, economic development, and cultural developmoent. Socialist modernization is impossible without any one of them. We must fully understand the place of cultural development in the overall development of society, conform to the historical trend of th times, and, in accordance with local circumstances, give serious thought to cultural development strategies in order to facilitate coordinated economc, political, and cultural development.

The country's guiding ideology is Marxism-Leninism. Naturally, we should study cultural development strategies under the guidance of Marxism-Lenimism. Marxism as a science is a liberal science. Under the circumstances of the reforms and the pursuit of an opening up policy, we must adhere to the principle of reforming and opening up the country in studying cultural development strategies. Research on cultural development strategies must not be short-sighted. [paragraph continues]

The researchers must have the future, the world, and modernization in mind. Thus, in studying cultural development stragegies, we must give thought not only to domestic cultural development but also to the country's cultural exchanges with other countries. By doing this, we can quicken the pace of the revitalization of the country's literature and art.

The formulation of cultural development strategies is a grandscale systems engineering project which involves many things. In considering the goals of various cultural development strategies, it is necessary to focus attention on the most central issues. That means that we should focus our attention on the problem of improving people's cultural qualities, the organization of teams of cultural workers, the distribution of cultural facilities, and the development of various cultural undertakings. In introducing strategic objectives and in drawing up plans, we should make sure that they are scientific, systematic, and steadfast and pay special attention to their temporal validity. Shanghai's experience tells us the great importance of deciding on the objectives. By doing this, we can mobilize and organize all forces, including the ideological affairs departments and the departments on the economic front, to attain our goals.

Leaders in the new period should have a strategic sense, strategic insight, and strategically sensitive minds. The units and localities under our leadership are each a part of the overall situation and each of them represents a separate, independent situation. Thus, it is an important duty of our leaders to enhance their strategic sense and to give strategic guidance. In this sense, each leader should be a strategist on both major and minor issues. We should learn to facilitate the development of our cultural undertakings from a strategic viewpoint.

IV

IMPROVE OUR UNDERSTANDING OF THE IDEA OF SERVING PEOPLE, ENCOURAGE THE PIONEERING SPIRIT OF ADVANCING IN SPITE OF DIFFICULTIES AND HARDSHIPS, AND SPUR ON THE ADVANCE OF OUR ARMY OF ARTISTS AND WRITERS BY PLAYING AN EXEMPLARY ROLE.

Comrade Hu Yaobang told the Ministry of Culture to "command the country's 1 million performing art workers and give full play to their talents and their role in order to meet the people's cultural needs." We can successfully command these workers by doing several things. However, the best way is to be spiritually well-prepared and to encourage their advance by playing an exemplary role. According to some comrades, an exemplary role is power.

First, our cadres must, like an ox which willingly carries children on its back, willingly serve the common people. "Leading is serving and a cadre is a public servant" should be our motto. Serving in "leading is serving" mainly means serving one's subordinates, the grassroots, and the masses. Whether or not one can do this tells us whether one is a "public servant" or a "bureaucrat." Comrades working with leadership organs should discard the bureaucratic style characterized by "inaccessibility, sullen facial expresions, reluctance to listen to anything, and reluctance to help."

Second, it is necessary to work in the pioneering spirit of advancing despite difficulties and hardships. We are experiencing a transitional period and great difficulties and contradictions in cultural work. In the face of these difficulties, we should, however, boldly advance although we are well aware of their existence. Our slogan is march toward difficulties and march toward long-standing, big, and difficult problems! By solving these long-standing, big, and difficult problems, we can introduce a new situation.

We should unswervingly struggle with practical problems and try our best to solve them. Discussing cultural work, a central leading comrade pointed out that we work precisely because there are difficulties and that work is purposeless in the absence of difficulties! In assessing the performance of a cadre, we do not do so by listening to what he says. We must find out whether or not we can overcome difficulties and solve practical problems independently.

Furthermore, we should also have a "self-strengthening, independent, and self-confident" spirit and our style should be characterized by the habits of "wasting no time, relying on nobody, shifting not even a single burdensome task onto others, and procrastinating on nothing." We should have a strong sense of responsibility and enthusiastically and creatively do our work without having to be reminded. Practice tells us that whoever wastes time, relies on others, shifts burdensome tasks onto others, or procrastinates will lose the initiative.

In conclusion, we should dedicate ourselves to art, devote all our mental and physical energy to it, enthusiastically advance, and energetically explore. By advancing despite great difficulties, we can lead our army of writers and artists on its march down the road of reforms!

LITERARY CRITICS ON PORTRAYAL OF MODERN LIFE

HK030257 Beijing RENMIN RIBAO in Chinese 2 Aug 86 p 1

[Report: "Literary and Artistic Theorists in Beijing Are Studying a New Proposition Reflecting Modern Life With Modern Consciousness"]

[Text] According to a report by WENYI BAO reporter Pan Kaixiong, during the current practice of literary creation and theoretical criticism, some writers and critics rich in exploratory spirit are profoundly contemplating and probing into the new theoretical proposition on "literature and modern consciousness." On 22 July, WENYI BAO invited some literary theorists and crisics in Beijing to seriously discuss this topic theorists and critics in Beijing to seriously discuss this topic.

Participants in the forum unanimously held that "modern consciousness" as a theoretical proposition is an invariable product in the process of advancing modern China and is closely related to the currently developing reform of concepts.

In conducting a probe into the essence of "modern consciousness," the participants could not but first attempt to define the meaning and characteristics of "modern consciousness," thus giving rise to a divergence of opinions. Among various complicated suggestions, they held roughly identical views on some problems: First, modern consciousness features the meaning of time but is in no way just a concept of time. It does not mean that all kinds of consciousness of the past cannot become a component part of modern consciousness. Similarly, not all kinds of consciousness of modern people can be modern consciousness. Second, some comrades suggested that even modern consciousness itself can be judged by its value, and that not all kinds of modern consciousness deserve to be affirmed and praised. The participants also held that although modern consciousness is an abstract concept at present, it should have as its leading factor and core that it flows with the historical stream representing the fundamental interests and wishes of modern China and even of mankind. Furthermore, in learning about modern consciousness, one cannot but go beyond the boundary of a country, a nation and a class and think about problems by linking them with the realities and destiny of one's country and nation.

In examining the current situation of literary and artistic creations and theoretical criticism in our country, the participants pointed out: On the one hand, many writers and artists are striving to use "modern consciousness" to appreciate and express social life. On the other hand, such appreciation and expression sometimes are knowingly or unknowingly blended with some sort of outdated, backward consciousness. In some literary and artistic commentaries, such phenomena are praised as "modern consciousness" in literary and artistic creations. This is shown rather conspicuously as follows: 1) Feudal consciousness. In works portraying the currently changing world, the authors overeagerly express worship of power and iron-fisted persons, rule by individuals, the mentality of honest officials, rule by one man alone, the patriarchal system, and the mean and compromise. In works portraying the life of intellectuals, the authors publicize so-called "patriotism" characterized by the enduring of insults in carrying out an important mission, the meek submission to adversity, the blind loyalty to the emperor, and hypocrisy. In works portraying moral ethics, the authors indiscriminately advocate that women must not seek divorce from their husbands and must be faithful and virtuous. They even regard the female as a synonym for "sex." 2) the consciousness of restoring ancient ways. This is expressed by the blind praise and worship of old traditions and the display and interminable talk of numerous backward, foolish and decadent habits and customs. 3) Mechanical, superficial and simplistic transplanting of Western philosophical ideas. Some literary works praise absurdity, solitude, nihilism, despair and other similar sentiments, which are divorced from the realities of modern society. Their authors regard such sentiments as thoroughgoing modern consciousness. Many comrades hold that although these are neither modern consciousness nor the mainstream in the current literary and artistic creations and theoretical criticisms, yet they really represent some phenomena and therefore deserve our close attention.

The forum also discussed some other important problems, such as the establishment of modern consciousness and changes in the mode of thinking; modern consciousness and modern aesthetic standards; modern poetry; comprehensive training in modern consciousness; the strata of modern consciousness, and so forth.

Among those speaking at the forum were: Chen Juntao [7115 7486 3447], Wu Yuanmai [0702 0337 6701], Lei Da [7191 6671], Miao Junjie [4924 0193 2638], Gao Minglu [7559 0682 3406], Yi Ying [2496 7751], Li Zhun [2621 0402], Xie Mian [6200 0380], Zhang Ren [1728 7282], Wu Guoguang [0702 0948 0342], Chen Jin [7115 2516], Bao Zunxin [0545 6690 0207], and Wang Yan [3769 8746]. Xie Yongwang [6200 3057 2489], Chen Danchen [7115 0030 2525], and Zhong Yibing [6988 5669 0365] from WENYI BAO also participated in the forum.

LI PENG OPENS NATIONAL STUDENT GAMES IN DALIAN

OW031417 Beijing XINHUA in English 1341 GMT 3 Aug 86

[Text] Dalian, August 3 (XINHUA) -- The second Chinese college student games opened this afternoon after a colorful parade of athletes in Daldin, a beautiful port city in east China.

Amid the warm cheers of the 37,000 spectators, the 2,228 entrants, representing 1.7 million college students throughout the country, marched into the 37,000-packed stadium before He Dongchang, vice-minister of the National Education Committee, declared the four-day games open.

Speaking on behalf of the party Central Committee and the State Council, Vice-Premier and Director of the National Education Committee Li Peng wished the national college student sports festival success and said that college students nowadays have to possess strong and healthy physique since they are expected to take some very important tasks in the future during the building of the four modernizations.

Many other party and government leader also attended the opening ceremony. The games will feature only two events, namely, the track and field and basketball. The athletes will test their strength in three separate divisions with the students from ordinary universities competing in division "A", those from sports departments of the normal college in division "B" and those from the sports institutes in division "C".

Competitions in basketball will only stage the final round with eight qualifiers contesting because the preliminary round has completed earlier. All the participants were selected in trials on the city or provincial levels but according to the organizing committee, the standards of the current games will be rather low because most of the entrants take up sports only as a hobby or a means of relaxation.

The first games were held four years ago in 1982 with 2,255 athletes representing 1.2 million students from nearly 700 universities and colleges across the nation. The previous games featured four events -- the track and field, rhythmic gymnastics, gymnastics and table tennis. Competition proper will begin tomorrow.

Li Peng Address

OW040840 Beijing XINHUA Domestic Service in Chinese 1148 GMT 3 Aug 86

[Text] Dalian, 3 Aug (XINHUA) -- "Modern College Students Should Have Strong Physiques" -- headline

Speech at the opening ceremony of the Second College Student Games of the People's Republic of China

Li Peng

Fellow students, comrades:

The Second National College Student Games ceremoniously opened in Dalian City today. The games are an examination of the physical educational work of the institutes of higher learning, and the athletic standard of our college students. The holding of the games is a major event of both the educational and physical cultural circles. On behalf other party Central Committee and the State Council, I warmly congratulate the holding of this spectacular event.

Good physical education work at school is extremely important for educating qualified personnel needed for the four modernizations. Today's college students will become the backbones of every sector of society in the future. The party, government, and all the people of the country hope to become well-educated and disciplined people with lofty aspirations, and good moral sense.

This requires us to create all kinds of favorable conditions in order to enable them to develop themselves morally, intellectual, physically, and aesthetically. Therefore, during their study period, our college students not only should acquire specialized knowledge and technical skills and foster lofty aspirations, good moral sense, and sound mentality, but also should make themselves physically strong and healthy.

School physical education is an important part of the entire school education. Sports activities not only will make students physically strong and improve their athletic skills, they are also an important means for developing their intelligence, moulding their temperament, tempering their will, and cultivating their sense of collectivism, organization, and discipline. The degree of popular participation in sports activities in a country reflects, in one way or another, the development of the country's spiritual civilization. In this regard, college students should play a leading role. For this reason, party, government, and education departments at all levels, as well as leading of physical culture and sports commissions and CYL committees, and leaders and all teaching staff of schools should attach great importance to physical education. It must be pointed out that leaders of some schools have not paid enough attention to promoting school sports activities and have not regarded it as an official task. This phenomenon should be brought to our attention, and corrective action must be taken. If a school attaches enough importance to physical education and if it has the ability to extensively promote sports activities, these are important criteria for judging the work of the school. It should be considered an honor that a school can set good records in some sports events.

Improving the records of various sports events and selecting a number of outstanding athletes, of course, is the purpose of holding an athletic meeting and other kinds of sports competitions. But, a more important purpose of this through these competitions, is to promote sports activities among the masses and arouse the interest and enthusiasm of the great number of students in taking part in physical training. Therefore, our physical culture workers must pay attention to both popularizing sports activities and raising our physical educational level. On the one hand, they should devote efforts to cultivating and selecting outstanding athletes among students in order to make contribution to raising our country's physical educational level, and, on the other hand, they should actively create favorable conditions for holding regular sports activities in various forms among students in order to enable students to form good physical training habits so that their physical conditions can be improved. Then, not only will they be able to accomplish their heavy study now, they will also be energetic and active on all fronts in the future.

Track and field events and basketball will be featured at these colllege students games. Track and field events are basics of physical education, and also a weak link in our physical education. Through these games, we hope to see some good accomplishments and, at the same time, find out where we have lagged behind. We hope this will serve as an effective driving force for promoting track and field competition at schools in the future. We also hope that standards of other sports events will be improved after we make progress in track and field activities. In order to make college students' sport activities more colorful, competitive events at college student games should be appropiately increased, and the areas of competition should also be diversified.

Fellow students, comrades: The competitions are about to begin. I sincerely hope that all athletes will carry a fighting spirit to the utmost, demonstrate good sportsmanship, strive for new accomplishments and create new records.

I believe that, with the common efforts of all, the games' participating athletes, referees, and workers, and with the warm support of the spectators, our games will be a complete success.

SCHOLAR ON HISTORY OF 'DOUBLE HUNDRED' POLICY

OW041854 Beijing XINHUA in English 1505 GMT 4 Aug 86

[Text] Beijing, August 4 (XINHUA) -- As China marks the 30th anniversary of the "double hundred" policy this year, it now has the conditions to make it basic state policy, according to a senior theoretician of the Chinese Communist Party. "Double hundred" refers to the slogan, "let a hundred flowers boom; let a hundred schools of thought contend," advanced by the late chairman Mao Zedong in the 1950's.

In an article in the weekly magazine, "BEIJING REVIEW", issued today, Yu Guangyuan, an adviser to the Chinese Academy of Social Sciences, reviewed the twists and turns China experienced in implementing the policy. Yu was the head of the science section of the party Central Committee's Propaganda Department when the policy was instituted in 1956. In the three decades since the party Central Committee advanced the policy, there has been only one very short period of unfettered artistic and scientific productivity, according to Yu.

In early 1956, the party Central Committee, headed by Mao Zedong, shifted its focus of work from the socialist transformation of the private ownership of the means of production to economic and cultural construction, and put the question of intellectuals high on its agenda. Premier Zhou Enlai also asked all party organizations to tap the potential of the nation's intellectuals, and suggested concrete measures for doing so.

It was in this social climate that the policy came into being, Yu says, and the Central Committee was at first quite steadfast in carrying out the "double hundred" policy. Lu Dingyi, then head of the Central Committee's Propaganda Department, expounded the party's clear-cut position in a speech, saying the policy was intended to "advocate freedom of thought, debate, creation, criticism and expression, and allows people to reserve their opinions."

At the same time, Mao Zedong was very much in favor of this "double hundred" policy. He once said. "Even if you had Marx as head of the Propaganda Department and Engels and Lenin as deputy heads, you would still be unable to cope with all academic questions." The only way to do this, he concluded, was to let "a hundred schools of thought contend." Chinese intellectuals were also very pleased with the effect of the party's policies between the spring of 1956 and the summer of 1957.

However, Yu says, after the anti-rightist movement, launched in the summer of 1957, the "double hundred" policy was virtually discarded. Since then, though there have been some periods of academic freedom, the vigor that prevailed in China's scientific circles in 1956 has never resurfaced.

Answering the question why the "double hundred" policy was initiated so firmly and ended so abruptly, Yu gave four reasons: First, the party did not fully understand the social changes at that time. Secondly, there was a lack of understanding of the theories behind the "double hundred" policy. While carrying out the policy, "we should also consider the relationship between the policy and class struggle, the relationship between academic debate and debate between Marxist and non-Marxist views, and the relationship between debate in academic and artistic fields, as well as the questions of democracy and political freedom." These and other obstacles were not adequately tackled due to the limitations of time.

Thirdly, the enforcement of the "double hundred" may meet with much resistance. It may shake up some academic authorities and may confront pressure from the public because it would cause the emergence of thoughts which are antagonistic to the popular or even ruling thought in society. The role of public opinion may influence the policymakers and make them waver in their determination to carry out the "double hundred" policy.

Fourthly, the abolition of the policy was the result of a temporary victory for left-deviationism. The domination of "leftism" in the party in the late 1950s was, on the one hand, related to the wavering which appeared in the leadership's understanding of the historical change in China. On the other, it also had ideological and social roots. The parochial outlook of small producers with their feudal thinking was the social foundation of this left-deviationist thought. When the Gang of Four held sway over the party and state leadership, the enforcement of the policy was out of the question.

Yu concludes that the "zigzags we have experienced over the past three decades have both subjective and objective causes." Today, as we mark the 30th anniversary of the policy, we are aware that we have already acquired the conditions for making the 'double hundred' a basic state policy." "We must make sure that the policy is not discarded again," he adds.

DU RUNSHENG SPEAKS ON SECOND-STAGE RURAL REFORM

HK041528 Beijing NONGMIN RIBAO in Chinese 21 Jul 86 p 1

[Report: "Du Runsheng Speaks on Second Stage of Rural Reforms, Says Complete Set of Measures Is Needed in Setting Up Regulation by Market Mechanism"]

[Text] At a meeting held by the Rural Policy Research Center of the Secretariat of the CPC Central Committee, Du Runsheng, director of the research center, pointed out: The main task of the second stage of rural reforms is to set up a relatively perfect regulatory mechanism commensurate with the requirements of the development of the socialist commodity economy so that there will be no serious contradiction between production and demand, each suiting the needs of the other.

Du Runsheng said: The first stage of rural reforms with the introduction of the contract responsibility system with payment linked to output as the main content was mainly aimed at smashing the practice of "everybody eating from the same big pot" and arousing the enthusiasm of laborers for production. The second stage of rural reforms is aimed not only at arousing the enthusiasm of laborers for production but also at regulating the structure of production and achieving the rational mobility of the major factors of production, such as manpower, land, funds, and technology and their optimum combination, by relying on market mechanisms to give a further push to the rapid development of the rural productive forces. There must be both destruction and construction in the second stage of rural reforms whose contents are more profound and complicated than those of the first stage. The second-stage rural reforms have just begun and they are far from being completed. Herculean efforts should be made to continue to carry them through thoroughly.

In analyzing the market regulatory mechanism, Du Runsheng pointed out: There are two kinds of market. One is the commodity market and the other is called the market for major factors of production. These two markets are closely related. Through price signals, the commodity market instructs the peasants what to produce more of and what to cut back on. Consequently, there is a readjustment in the product mix. However, the readjustment process of the product mix is inevitably the mobility process of major factors of production, such as funds and manpower. If the commodity market exists in the absence of the market for major factors of production, even when the peasants find some products are needed by society, they can do nothing because funds and manpower cannot be shifted to the production of such products. Therefore, only when the commodity market and the market for major factors of production are combined can a complete market regulatory mechanism be formed.

How should the commodity market and the market for major factors of production be developed? Du Runsheng made some important suggestions. He said: People are now talking about loosening controls over prices and lifting all state controls and monopolies on the market everywhere. People say: "There will be flexiblity so long as rigid controls are relaxed, and everything will go smoothly with flexibility." Relaxing rigid controls is indeed a good thing. However, real life is not so simple as imagined. By relaxing rigid controls, it does not mean everything will go off without a hitch. Since the control of the prices of farm and sideline products, such as pork and vegetables was relaxed last year, on the one hand, we have made great successes and on the other, we have also been confronted with many unexpected problems. This urgently requires us to sum up our experiences, both positive and negative, while relaxing rigid controls, to constantly improve market regulations, and to enhance our capacity to organize the market. It also requires us to seek new commercial forms. They should be more flexible in operations than state-owned commerce and able to avoid the shortcomings of individual commerce, such as showing no consideration for the general interest. With regard to the development of the market for major factors of production, Du Rensheng said: The flow of labor should be further encouraged and conditions made to divert 100 million farm hands from agriculture to other lines of production within 10 years.

It is necessary to open up a money market so as to concentrate the funds in the peasants' hands where the best economic results can be attained. In addition, efforts should also be made to encourage concentration of land in hands good at working the land so that land can be operated on an optimum scale to a certain extent.

Du Runsheng pointed out: In setting up a market regulatory mechanism commensurate with the requirements of the development of the socialist economy, we have not yet had any precedents to go by so far. Therefore, the only thing we can do is to rely on the creations of the masses in practice. A shortcoming and even an error is unavoidable. For this reason, we should not approach the reform from an "idealist" viewpoint. Approaching the reform from an "idealist" viewpoint will easily lead to two tendencies: One is that people are a bit too anxious about quick results and they hope that everything will become sound, perfect, and flawless within 1 or 2 years. The other is that people will beat a retreat in the face of difficulties, asserting that new methods are inferior to old ones and intending to follow the beaten track. These two tendencies are detrimental to the reform.

DISCIPLINE BODIES URGED TO SUPPORT REFORMERS

HK050353 Beijing RENMIN RIBAO in Chinese 1 Aug 86 p 1

[Report by Xiao Di: "Han Tianshi Addresses Tianjin Forum of Factory Directors and Party Committee Secretaries"]

[Text] At a forum attended by the directors and party committee secretaries of some Tianjin enterprises on 30 July, Han Tianshi, secretary of the Central Discipline Inspection Commission, stressed: Enterprise leaders must be bold in stimulating reform while correctly handling the interests among the state, the collective, and the individual; and the work of discipline inspection must be done better to protect and promote reform and support factory directors in their efforts to carry out reform.

Citing a large number of facts, the directors and party committee secretaries of eight enterprises, including the Tianjin paper mill, the No 24 plastics plant, the No 6 cotton mill, and the Hongqiao transport company, pointed out: Reform has boosted the economic development and the building up of the party, and, in turn, the improvement of party conduct has expedited reform. At the same time, they pointed out openly: in the execution of the reform, we have come across a number of problems and must violate many old rules and regulations. Many "reasonable but illegal" problems cannot be solved because of interference. Therefore, we have to take a "wait-and-see" attitude and feel puzzled as to what to do.

Comrade Han Tianshi paid warm tribute to these factory directors and party committee secretaries for their confident spirit of carrying out reform in earnest and improving conduct. He said: Reform is a new undertaking which was never done by our forefathers. Doing it will certainly violate some old rules and regulations. If we are sticks-in-the-mud, act overcautiously, and have no courage, how can we carry our reform? In the execution of the reform, we will certainly encounter some difficulties and commit some mistakes and errors. But these problems can only be solved by means of profound reform. [paragraph continues]

With regard to those who commit certain mistakes or have some shortcomings due to lack of experience, party organizations and discipline inspection committees at various levels must help them sum up experiences and make improvement. However, those who seriously violate the law and discipline and harm the interests of the state and people should be dealt with according to law. The discipline inspection committees at various levels should not over emphasize mistakes committed by some comrades who intend to boost production but do not abuse power for personal gain.

Comrade Han Tianshi said: Reformers should not be afraid of carrying out self-examination because this can help distinguish between right and wrong and legalize some "reasonable but illegal" things at an early date. Enterprise leaders should take a correct attitude toward supervision and make continuous efforts to make themselves perfect.

'OFFICIALS TO TRAIN TEACHERS' REFORM EXPANDED

HK040232 Beijing CHINA DAILY in English 4 Aug 86 p 1

[Text] Sending officials to train teachers -- an educational reform initiated by Party General Secretary Hu Yaobang -- has for the past year helped reinforce the country's drive to make nine years of education compulsory. Now it is being expanded.

By July, the first batch of more than 3,000 central Party and government officials had trained nearly 115,000 primary and secondary school teachers for remote and backward areas in 22 provinces and autonomous regions.

Although most of the officials had no teaching experience, they did quite well because almost all had a college background and a high sense of responsibility, Liu Bin, Vice-Minister of the State Education Commission, said.

He told a press conference at the week-end that Party authorities have decided to expand the programme of rotating central Party and government officials on one-year assignments to train teachers in remote areas. They intend to make it a long-time project in keeping with the country's plan to universalize nine-year compulsory education around the country by 2000.

This year, he said, the programme is being expanded to nearly 20,000 temporary instructors, including 10,000 new university graduates, who are being required to spend one year training primary and secondary teachers before taking up their assigned posts at Party and government departments in municipal and provincial capital cities. Provincial-level officials will also be included in this year's group. They will be expected to teach in their own areas.

Of 3,215 officials participating in the programme on leave from central Party and government institutions in Beijing, 99.7 per cent have led college education, including 177 who had undertaken postgraduate study. The present group's average age is 28, two years younger than that of the first.

Late this August, the members of the new group will be sent to county towns, not cities, in 22 provinces and autonomous regions because experience has shown that the theacher shortage is especially serious in remote counties, where few college graduates can be found for training primary and secondary teachers.

LIAOWANG ON POPULATION CONTROL AGING

HK020744 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 30, 28 Jul 86

[Article by staff reporter: "Wang Wei, Minister in Charge of the State Family Planning Commission, Talks About China's Population Control Policy and Population Aging"]

[Text] How should we view the problem of population aging in China? What are the relationships between population aging and family planning? Will population aging continue to exist endlessly in China? What measures will the Chinese Government take with regard to these problems? On the morning of 16 July, this reporter interviewed Wang Wei, minister in charge of the State Family Planning Commission, about these problems.

The Interview Started From "Man Grows Older as Time Goes By"

Although 66, Wang Wei's hair is black and he is in excellent spirits.

He said: Population aging is a very complicated issue. When asking a person's age, we often say: "What is your advanced age?" When celebrating the Spring Festival, many people like to post a scroll on which "man grows older as time goes by" is written. Japanese Prime Minister Nakasone once said that, in the future, Japan would be a society of advanced ages. Longevity is what has always been cherished by human beings. From this angle, population aging is, of course, a good thing.

Wang Wei continued: But this problem is not that simple. Population aging should not be viewed in isolation from other problems. According to U.S. stipulations, there are two minimum ages for population aging, one being 60 and the other 65. In China, some people use 60 and others use 65. But their conclusion is the same: Population aging is beginning to appear in China.

Family Planning has Led to Population Aging in China

Wang Wei said that population aging in China cannot be separated from family planning and that family planning is an important factor that has led to population aging. In the 1950's, some people in China began to propose family planning, but it was not put into effect due to a lack of correct understanding of the problems. At the end of 1963, Shanghai set up the first family planning commission to study family planning. Family planning began to be exercised throughout the country in 1964. In the early 1970's, the Chinese Government suggested that family planning be regarded as a policy. At that time, some people said it was enough for each couple to have "two children." Others were of the opinion that "one child" was enough for each couple. Thus, China's population growth rate began to drop markedly. Since 1979, China has regarded family planning as a basic state policy. The Constitution explicitly provides that male and female citizens have the duty to practice family planning. According to a regulation of the Chinese Government, population growth should correspond with economic development. Also, China will strive to "quadruple the gross industrial and agricultural output value and control its population at about 1.2 billion" by the end of this century.

After making these remarks, Wang Wei took out two statistical tables from his files and showed them to this reporter. One was a "table of changes in China's population since the founding of the PRC" and the other was a "table comparing China's population and that of the world." Pointing to the figures in the first table, Wang Wei said: 1963 witnessed the highest records of the birth rate and the natural population growth rate, with the birth rate at 4.33 percent and the natural population growth rate at 3.33 percent. In 1984, the birth rate dropped to 1.75 percent and the natural growth rate to 1.08 percent. These falling rates were astonishing. Between 1963 and 1984 China's population death rate dropped from 1.15 percent to 0.6 percent. Due to the implementation of the family planning program, the proportion of young people at and under the age of 14 to the total population has gradually dropped, the death rate is much lower than the growth rate, and the percentage of old people at and over the age of 60 has increased. China's population aging is a result of a drastic drop in the birth rate because of the implementation of the family planning program. It is a process of transition from a rapid population growth rate to a slow population growth rate. It is also an "inevitable outcome of the control over population growth. So long as China's population does not stop changing, this situation will continue to exist.

There Is a Limit to Population Aging

Wang Wei said: There is always a limit to the development of things. China's population aging is no exception. It will not go on endlessly. As China's population aging is a manifestation of the contradiction between a population without a family planning program and a population with a family planning program, it will disappear as soon as this contradiction is solved.

To explain this point, Wang Wei used Shanghai, which was the first to practice family planning, as an example. He said:

According to what some specialists have calculated the year 2029 will be the peak year of the population aging in Shanghai, with old people numbering 3.5 million. These people were born before 1964 when there was no family planning. Beginning in the year 2030, the number of old people in Shanghai will markedly decrease, and by the year 2035 they will decrease to 2.26 million, a decrease of over 1.2 million. This suggests that only when the entire population becomes a population with a family planning program, will population aging disappear.

The population situation in the whole country is similar to that in Shanghai. According to the calculations of some specialists, by about the year 2034, China's population will be an inert population; that is, its natural population growth rate will be zero. This will be the peak year of population aging in China, with a total population of 1.468 billion, juveniles accounting for 19 percent and old people 16.8 percent. From then on, China's population structure will remain basically stable and its population aging will disappear.

Family Planning Has Produced Results

As to how to view the problem of population aging in China, Wang Wei has his own opinion.

The aged now in China were born 65 years ago. We cannot change this established fact. [paragraph continues]

We cannot change the number of old people whether we practice family planning or not. However, through family planning, we can control the population growth rate. China's population aging has emerged in a situation when the number of old people cannot be changed and the number of juveniles keeps lowering. This indicates the success of China's policy on population.

Population Aging Causes a Drop in the Total Number of People Provided for by the Public

Wang Wei is of the opinion that China's population aging has resulted from the decrease in the number of juveniles. Therefore, while referring to the social burden resulting from the increase in the number of old people, we should not lose sight of the fact that the decrease in the number of juveniles has helped reduce the social burden. These two aspects should be dealt with in conjunction with each other when explaining the problem of population aging.

Wang Wei said: According to the calculations of some specialists, in 1964 juveniles accounted for 40.4 percent of the total population and old people 3.5 percent; the percentage of juveniles provided for by the public was 0.46, of old people was 0.08, and overall was 0.78 of the population. In 1985, juveniles made up 30 percent of the total population and old people 5.3 percent; the juvenile public welfare rate was 0.46, for old people was 0.08, and overall was 0.54. Between 1964 and 1985, the total of those provided for by the public dropped in spite of population aging.

Wang Wei continued: By the year 2000, China's population will be 1.23 billion, with juveniles accounting for 25 percent and old people 7.1 percent. With juveniles provided for by the public at 0.37 percent of the total population, and old people at 0.10 percent. By the year 2034, China's population will be inert, with a total of 1.48 billion, a juvenile public welfare rate of 0.29, an old people public welfare rate of 0.26, and a total rate of 0.55. The total public welfare rate in the year 2034 will be almost equal to that in 1985. In the course of China's population aging the drop in the juvenile public welfare rate has occurred simultaneously with the increase in the old people public welfare rate. The total public welfare rate will be turning downward during the period before the year 2034.

Wang Wei pointed out conclusively that the assertion that population aging adds to the social burden has proved to be groundless. In fact, population aging has led to a drop in the total public welfare rate.

Controlling Population Growth is a Long-term Task

Based on the fact that population aging has brought about a drop in the total number of people provided for by the public, some people have recommended that China should relax its birth control policy so as to alleviate the problems resulting from the excessive development of population aging. Wang Wei is opposed to this viewpoint.

Wang Wei said: The number of old people in China will remain unchanged in 45 years regardless of whether China relaxes its birth control policy or not. Such being the case, we will be asking for trouble if we relax the birth control policy. China's population aging has brought about a drop in the total public welfare rate and reduced the social burden. This is an "excellent opportunity" for China to develop its production, enrich its social products, and meet the needs for the people's material and cultural life. It is also a "golden time" for developing the economy. [paragraph continues]

If we relax the birth control policy now, China's achievements in construction will be submerged by the increasing population, there will not be a fundamental change in the people's livelihood, and a "comparatively well-off life will not come about by the end of this century.

Furthermore, China cannot, in the least, overlook its population policy, as its natural resources are limited. Therefore, the population policy formulated by the CPC Central Committee is "practical, acceptable to the majority of the people, and beneficial to controlling the population growth." Controlling the population growth is a long-term task.

For this century, China will take as its basic state policy "quadrupling its gross industrial and agricultural output value and controlling its population at about 1.2 billion." This is a correct policy and the only method for solving the problem of population aging in China.

GUANGMING RIBAO ON USE OF LABOR AS COMMODITY

HK040531 Beijing GUANGMING RIBAO in Chinese 19 Jul 86 p 3

[Article by Zuo Tongwu: "A First Probe into the Question of Labor Commodity Under the Socialist Conditions"]

[Excerpt] According to the traditional concept, people will naturally link the labor commodity to capitalist exploitation whenever one talks about it. Therefore, under socialist conditions, labor must become a commodity. Judging from the present situation, however, the issue merits our study.

Under socialist conditions, it is not only necessary, but also inevitable, that we allow some labor to be exchanged as a commodity. This is because on the one hand, China currently still has a multi-level ownership structure. Its ownership system is still incomplete and immature. Therefore, every laborer can become the owners of the means of production only under certain conditions, and only within these specific limits can they take part in production and distribution. This will inevitably mean some laborers' capabilities will be limited by specific production conditions and cannot be given full play. Under these circumstances, in order to give full play to China's labor resources, to effectively give play to every laborer's wisdom and ability, and to promote the development of production, we must permit these laborers to be integrated with the abundant means of production. At the present stage in China, however, each economic entity has its owner and independent economic interests. Laborers of any economic entity are not allowed without permission to be integrated at will with the means of production of other economic entities. Obviously, this is a contradiction. It is impracticable to solve this contradiction just by relying on the state's rigid and centralized allocation of labor. Facts have shown that only when we allow this kind of labor to be taken as a commodity and to be exchanged on the basis of volunteerism, can we effectively solve this contradiction.

Proceeding from another point of view, our socialist economy is a planned commodity economy rather than a product economy. In order to develop the socialist commodity economy, we must add vitality to enterprises. When doing so, we observe a very important principle that enterprises must be given the decision-making power to recruit labor and determine the types of employment. This is because labor is an important factor in production. [paragraph continues]

If an enterprise does not have the decision-making power and flexibility of using labor, it will be difficult for it to make the best use of its means of production or to develop proceeding from the development of China's commodity economy, it has become an inevitable step that we change the state's centralized system of allocating labor and allow some labor force to be exchanged as a commodity so as to make the best use of China's means of production and labor resources. [passage omitted]

Of course, at the present stage in China, there is still a small-scale individual economy and a few private enterprises. Under the circumstances in which we allow the labor to become a kind of commodity, this will inevitably develop labor exchange between laborers and operators of the individual economy, as well as between laborers and capital. We should acknowledge that in these two kinds of exchange, there indeed exist the exploitative relationship in which the hired laborers' surplus value is directly taken away by individuals. This kind of exploitative relationship is, however, different from that under capitalist conditions. At the present stage of socialism in China, an employer is both the exploiter and laborer. In a certain sense, there exist a relationship of exploiting and being exploited between the employer and the hired laborer. But their relations are not completely so. The hired laborers are owners of the socialist country. Their rights of labor and livelihood, as well as political status, are protected by the state. Inevitably, their situation of being exploited will be limited to a certain extent. But the most important point is that this kind of operation is also limited to a certain extent and is under the state's strict control. Its existence will by no means affect the coherent nature of China's socialist society.

In short, at the present stage in China, it is favorable and necessary that we allow labor to be exchanged as a commodity.

RENMIN RIBAO ON ELIMINATING FEUDALISM

HK011500 Beijing RENMIN RIBAO in Chinese 1 Aug 86 p 5

[Article by Jiang Siyi: "Eliminating the Pernicious Influence of Feudalism Is an Important Task"]

[Text] In August 1980, in a speech entitled "Reform of the Party and State Leadership System," Comrade Deng Xiaoping called for "continued efforts to eliminate the influence of feudalism in the ideological and political fields." On that occasion, he said: As we underestimated the importance of this task in the past and started the socialist revolution very soon, the process of eliminating feudal influence has been left incomplete. It is now high time to resolutely take up this task again. Due to various reasons, however, not enough attention has been paid to this issue since then. Recently, some central leading comrades and some comrades from theoretical and cultural circles re-emphasized the necessity of eliminating the pernicious influence of feudalism. I think their appeal has struck home and is of far-reaching significance.

The pernicious influence of feudalism goes counter to the strategic goal of building the "two civilizations." In the ideological field, the main opposites to the socialist spiritual civilization are decadent bourgeoisie ideology and feudalist ideology. Since feudalism has been rooted in China for thousands of years and Chinese socialism has arisen from the semi-colonial semi-feudal old China. Feudal ideology is the oldest one with the most widespread and profound pernicious influence among other ideological remnants left over by the old society. Feudal ideology has influence in almost every field of social life and has infiltrated into every corner of society in China; and, inevitably, it has also corroded our party organizations to a certain extent. [paragraph continues]

Feudal remnants, such as: Feudal patriarchal and hierarchic concepts; special privilege mentality; high-handed way of dealing with people; closed-doorism; irrational antiforeign mentality; surrender of personal freedom; and so on keep on showing themselves from time to time in the course of modernization, going counter to the requirements for socialist material and spiritual civilizations. The vulgar interpersonal relations which are common today can serve as an example to reflect the situation. "The acquaintenace between fellow townsmen is more useful than an official seal." The mysterious "relations network" can play a role where organizational relations and relations between superior and subordinate do not work. Moreover, contempt for science and culture, and discrimination against intellectuals, remains a problem facing the whole society which has yet to be solved. Our strategic goal is to build a powerful socialist state with a high degree of civilization and democracy. The pernicious influence of feudalism existing in our social life is absolutely incompatible with our strategic goal. Therefore, our strategic goal can hardly be fulfilled if the pernicious influence of feudalism in various forms is not eliminated.

If we look back at our party's history, we can find that the party, from its founding till now, has come across numerous twists and turns. During its 65 years of arduous struggle, our party has achieved brilliant successes that have attracted worldwide attention. At the same time, it has also suffered some setbacks and made some mistakes. The causes for these failures were manifold. Among them the pernicious influence of feudal remnants should not be underestimated. In the struggle for political power, the party suffered subsequently from Chen Duxiu's right-capitulationism, Li Lisan's "Left" putschism, Wang Ming's "left" adventurism and then his Right-capitulationism, and Zhang Guotao's splittism. Although their mistakes were of different natures and different forms, all these people had one thing in common. That is, they practiced the patriarchal system and deprived others of the right to have a say. The pernicious feudal remnants have not only caused deterioration of some individuals' moral characters but, what is more important, have hampered the integration of the universal truth of Marxism with the specific practice of the Chinese revolution, the formulation and implementation of the party's correct line, principles and policies, as well as the operation of democratic centralism. They have thus inflicted tremendous losses upon the revolutionary cause. Our party has also made mistakes in the course of socialist construction. The 10-year "Great Cultural Revolution," in particular, brought an unprecedentedly formidable catastrophe to our party, state, and nation. Facts have shown that many mistakes were closely related to the failure to maintain the normal practice of democracy within the party, and the pernicious influence of feudalism is irrefutably the main ideological origin of this abnormal state. The Lin Biao and Jiang Qing counterrevolutionary cliques were characterized by a strong feudal flavor, politically, organizationally, and ideologically. Waving the banner of anti-capitalism and anti-revisionism, they practiced phoney socialism and exercised a feudal fascist dictatorship. They spared no effort to propagate feudal morality, such as personality cults, loyalty to the monarch, autocracy, and a clear distinction between the elite and the lowly. In the eyes of these feudal evildoers, there was no such thing as democracy or law, as they themselves "defied laws human and divine." The emergence of these two counterrevolutionary cliques on socialist Chinese soil indicates that feudalism still has a deep-rooted social foundation in China. By means of this social foundation, they usurped high posts and political power and wantonly trampled socialism underfoot. If there has not been for the pernicious influence of feudalism inside and outside the party, there could not have been the 10-year catastrophe; if the people were not benighted as a result of being influenced by feudal vestiges, they would not have engaged in massive fanaticism during the "Great Cultural Revolution." [paragraph continues]

In a sense, the "Great Cultural Revolution" was a product of the pernicious influence of feudalism, and the 10-year catastrophe allowed the pernicious influence of feudalism to spread on an even larger scale.

Viewed from problems in party style, feudal influence is an important ideological cause of unhealthy party style. What is the cause of unhealthy tendencies in the party? A careful study and analysis will help us discover that one of the important factors is the corrosive influence of feudal vestiges. We can find in feudal vestiges the root cause of the practice of appointing people by favoratism, and state cadres and their relatives doing business. Obviously, the emergence of these problems is often connected with the patriarchal clan mentality, the high-handed system, and the feudal privilege idea. Once people who like to practice the patriarchal system usurp part of political power, they will regard themselves as the "emperors and conquerors" of the country and apply their own criteria to the selection and appointment of people. Even modern capitalist countries impose prohibitions on state officials running businesses. As for abusing power for personal gain, embezzling public funds, substituting power for law, suppressing democracy, ignoring the legal system, and doing anything one likes, all these are typical examples of feudal influence. Whereas the habits of each doing things in his own way, using one's neighbor's field as a drain, imposing blockades on each other, turning one's unit into an independent kingdom, and ignoring the construction of the country, are similar to rivalries between dukes or princes under feudal separatist rule. Those who practice the patriarchal system in a unit are bound to refuse to obey higher authorities, and there are certainly feudal separatist regimes and anarchy under the feudal autocracy. Some cadres have indulged in "making themselves wealthy and their wives honorable" and "making themselves respectable and their children notable," thereby allowing blood and marriage relationships, as well as the patriarchal clan mentality, to overwhelm party spirit. Some leading cadres even intercede for their children who have violated the law. They interfere with the implementation of the legal system and refuse to abide by the law. All this is a manifestation of the pernicous influence of feudalism. In short, to bring about a fundamental turn for the better in party conduct, we must make great efforts to eliminate the pernicious influence of feudalism. Without removing the pernicious influence of feudalism, it is difficult to put into effect the criteria for inner-party political life.

Viewed from problems in reforms, the pernicious influence of feudalism is a serious obstacle to the smooth carrying out of reforms. Reforms are the trend of the era, are where the hopes of speeding up China's socialist modernization lie, and are a profound revolution. Reforms have enabled us to break away from the rigid mode of production relations and to achieve marked economic results. Reforms have pounded some obsolete traditional concepts and methods of thinking and have helped revise some criteria on conduct. But reforms are not smooth sailing in all fields. Many obstacles have to be overcome. The difficult situation encountered by some reformers who have made remarkable achievements can explain this problem. Why is it that in our socialist country, some reformers who have made prominent achievements are rebuked and attacked? Why is it that some people who play safe, are incompetent in work, and even refuse to make progress or do anything but always think of repudiating others, get their promotions smoothly? The reason can be found in the pernicious influence of feudalism. In the feudal era, an emperor had power over the lives and property of others, and his officials had no choice but to "obey orders." Those who were a little cleverer followed his will and fawned on him. While describing some people, Han Feizi once said: "They say 'yes' before their master orders them to do something. They guess what is in their master's mind and act according to the expression on their master's face for the purpose of currying favor with him." [paragraph continues]

If this pernicious influence is allowed to affect our cadres, it will become an "incantation" that hampers people from creatively carrying out the party's principles and policies. Under this influence, people will mechanically follow "what is instructed in writing" without taking account of the "actual conditions." As a result, it is difficult for them to make large strides in reforms. Negative factors in feudal ideology such as conservatism, narrowmindedness, and the doctrine of the mean seriously, contradict the spirit of opening up to the world, competition, creation, and enterprise, which is necessary for the development of the socialist commodity economy. In this situation, some people will surround and attack reformers who dare to speak and act and who have made remarkable achievements. A certain number of people always try every possible means to place obstacles and difficulties before reformers. Bureaucrats would rather engage in an endless dispute over trifles under the pretext of "waiting for instructions from above" than allow people display their intellect and talents. Some other people with "new ability but old ideas" can divert reforms to some other channels and "transform" them into something which corresponds with the old traditions. Therefore, if we do not free ourselves from the bonds of feudal vestiges, we will find it difficult to ensure the profound development of reforms and to guarantee that reforms will proceed in the socialist direction.

As far as the elimination of the pernicious influence of feudalism is concerned, I think two problems must be solved:

First, we must bear in mind that the elimination of the pernicious influence of feudalism is a long-term arduous task. Although the feudal society was a common social formation in the evolution of human society, the development and specific content of ideology and culture varied from country to country. The feudal ideology and culture of the feudal society in the West flourished with the aid of the church or, in other words, through divine power. The feudal ideology and culture of the feudal society in China always exercised influence with the aid of political power or the so-called "imperial power." On the other hand, China did not undergo, in modern times, any bourgeois revolution as thorough as that in Western Europe. Therefore, feudalism is more deeply rooted in China than in the West. During the period of "4 May Movement," progressive Chinese intellectuals raised the clarion call for struggle against imperialism and feudalism, held high the banner of "science" and "democracy," and waged a vigorous offensive against the feudal fortress. But the anti-feudal struggle was confined to the intellectual circles and to some large- and medium-sized cities at that time, making little impact on the vast rural areas. Our party has acted as an anti-imperialist, anti-feudal, democratic fighter on the historical arena ever since its birth, and has waged an extremely brave struggle against the feudal forces and their supporter -- imperialism. However, our central task at that time was to overthrow the reactionary rule of imperialism, feudalism, and bureaucrat capitalism through armed struggle as the principal means, and very little attention was paid to the anti-feudal struggle in the ideological and cultural fields. In the first few years after the founding of the PRC, we concentrated our attention on the political and economic struggle against the feudal landlord class in introducing reform in the rural areas, but failed to thoroughly criticize and weed out feudal ideology. During the period of socialist transformation and construction, we put undue stress on the struggle against capitalism and bourgeois thinking but overlooked the necessity of systematic criticism against feudalism and all kinds of pernicious feudal influence in light of our national conditions. Sometimes we even made mistakes in promoting feudalism and small-scale peasant economic ideology as socialism, but attacked some socialist ideas as capitalism and revisionism. Of course, the widespread pernicious influence of feudalism is closely related to our country's underdeveloped productive forces and low scientific and cultural standards. [paragraph continues]

The low productive forces and the limitations of the self-supporting natural economy provide the feudal patriarchal concept with a hotbed and material conditions for development; while the fact that science and culture are underdeveloped and their influence is limited in China when feudal obscurantism has an opportunity to flourish and spread.

Lenin said: "Force of habit of tens of thousands of people is the most fearful force." Eradicating pernicious feudal influence is also a long-term and arduous task. To accomplish this task, we should, on the basis of vigorously developing social productive forces and the socialist commodity economy, carry out all-round management and administration with emphasis on strengthening ideological education, enhancing scientific and cultural levels, improving the legal system, developing the democratic system, democratic life and so on. However, philosophic theories and theories of social sciences will undoubtedly play a leading role in this regard. It is because theories influence people's ideology through bringing to light the essence and laws of social phenomena, and influence the relations between men, and their material and spiritual life. Theories are the highest infrastructure in the ideological, cultural and knowledge system. Propaganda, education, sciences, technology, literature and art, are standardized and guided by theories. If our Marxist theoretical, ideological, and political work can properly shoulder the task of eradicating pernicious feudal influence, this will mean the work will have made great contributions to socialist construction.

The other problem is that we should properly handle relations between eradicating pernicious feudal influence and inheriting our national cultural heritage. The Chinese nation has a civilized history of several thousand years, and has created brilliant national ideology and culture. All this has brought about democratic essence and fine tradition in our unique philosophical viewpoints, social viewpoints, concepts on value, way of life, and so on. They are the treasures of our Chinese nation. While eradicating pernicious feudal influence, we do not rule out the possibility of critically inheriting cultural heritage from the feudal period. On the contrary, we should regard our excellent national ideology and culture as an internal nutrient and solid foundation for perfecting our socialist ideology with Chinese characteristics in order to promote the building of the two civilizations. Under the new historical conditions, we should inherit and carry forward the excellent cultural heritage of the Chinese nation, so that we can make the past serve the present, and weed out the old and let the new grow. This is a theoretical and cultural task which should not be neglected. A long time ago, Lu Xun said: "I truly believe that our future is bright. Facts will also prove that we are not only the preservers, but also the developers and builders in the literature and art field." He added: "We should carry the new culture forward, and absorb the old culture in a selective way." ("Making Good Omissions to My Special Column") What we want to eradicate is the rotten, reactionary, and retrogressive pernicious feudal influence. We must not negate everything in history indiscriminately. This demands that we dialectically examine our traditional national ideology and culture in a historical and specific way. We should neither absorb everything without criticism, nor completely negate everything without analysis. We do not accept the idea of "cultural fault." We should not deviate from history, and adopt a nihilist attitude toward our ancient cultural heritage. We advocate the theory of "thorough break" in order to thoroughly eradicate all pernicious feudal influence which holds back history. In the meantime, we should draw a demarcation line. We should neither regard feudal ideology as proletarian and socialist and defend it, nor criticize proletarian and socialist ideology as feudal. For example, we should make a distinction between necessary differences in distribution and privileges. We should also make a distinction between the position and role of the individual in history from personality cults and personal peremptory actions. We should differentiate leaders' authority, discipline and centralism from autocracy. [paragraph continues]

With regard to the cultural heritage of Chinese feudal society, it is the duty of theoretical workers to help people determine which parts should be inherited in a critical way, which parts should be resolutely eradicated, which parts should be used for reference, and which parts should be resisted, so that people will enhance their capability of distinguishing right from wrong.

LIAOWANG ON 'LONG TERM COEXISTENCE' CONCEPT

HK011445 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 30, 28 Jul 86 pp 3-4

[Article by Wu Jiang, vice president of the Central Academy of Socialism: "Talking About 'Long Term Coexistence' on the Occasion of the 30th Anniversary of the Formulation of this Policy"]

[Text] It has been 30 years since the guideline of "long-term coexistence, mutual supervision" was formulated in 1956. In a socialist society under the leadership of the Communist Party, long-term, not short-term, cooperation and coexistence between the Communist Party and other democratic parties, is not found in the classical works on Marxism. It made its first appearance in the revolution and nationbuilding led by the Chinese Communist Party, and is a major event as well as an important characteristic of China's socialist political scene. In the 30 years of trials and hardships, the road was not smooth at all; however, we persisted and further developed this cooperative venture in the new historical period. After the 3d Plenary Session of the 11th CPC Central Committee, various democratic parties successively resumed and developed their activities, an event noted by world opinion, which is interested in Chinese politics. News media have made many comments on this issue since the 1980s. The Sino-British agreement on the Hong Kong problem, the question of a third KMT-CPC cooperation and the proposal of a "one country, two systems" concept all but prompted world opinion to treat the CPC's united front with new respect. Thirty years of experience in itself has convincingly answered these questions. On the occasion of the 30th anniversary of the formulation of the guideline of "long-term coexistence, mutual supervision", I should like to talk on two of the problems here.

The first question: How can a state authority, which in reality is a dictatorship of the proletariat, allow the existence of democratic parties?

Such a situation is indeed rare outside China. I think one should begin discussion on the dictatorship of the proletariat itself. We have avowed openly that our people's democratic dictatorship is in fact a dictatorship of the proletariat. The question lies in clarifying what exactly the proletariat is. The notion of dictatorship of the proletariat has long been a subject of various misunderstandings, the biggest of which is to confuse the general notion of dictatorship of the proletariat as a state form with the dictatorship system as one of the functions of the dictatorship of the proletariat. It is not understood that a state with dictatorship of the proletariat is a new type of democratic cum dictatorship state under the leadership of the proletariat. It is not possessed solely of one function which is "dictatorship". With the development of socialism, the extent of democracy will grow while that of dictatorship will contract. Besides, the connotation of the dictatorship of the proletariat is not limited to what is written in the books for it will naturally develop according to different historical conditions. For example, the dictatorship of the proletariat first envisioned by Marx was born in a state where the proletariat makes up the greater majority of the population, the capitalist the minority, and the middle class extremely minimal. [paragraph continues]

Thus, in this case, the dictatorship of the proletariat is simply defined as the dictatorship of the proletariat over the capitalist class, that even if the proletariat class has the responsibility to ally itself with other forces, this responsibility is not of utmost importance. However, in reality, later events showed that the proletariat first gained power in a state where its own class was not the majority in the population, but on the contrary, it was the peasants and other middle forces who made up the greater majority of the population. Confronted with relatively complicated class as well as nationalities, it is necessary that the proletariat should take as its major responsibility to unite greater social forces for common struggle. Under these circumstances, Lenin defined the dictatorship of the proletariat as the following: The proletariat holds that the state authority which is indivisible; the alliance of workers and peasants is the highest principle of the dictatorship of the proletariat; at the same time, the proletariat must form a special alliance with other non-proletariat working people, intellectuals and small enterpreneurs. It is also emphasized that the dictatorship of the proletariat includes two functions: democracy and dictatorship, and that one of its major tasks is to realize a high level of socialist democracy. Thus, the content of the theory of dictatorship of the proletariat is richer than that of Marx' time.

China is a Third World country whose economy is underdeveloped, relations among classes and nationalities extremely complicated, and whose socialist dictatorship of the proletariat evolved directly from the new democracy led by the proletariat and participated in by a broad social strata and democratic forces. Everybody knows that the first constitutional program of the People's Republic of China under the dictatorship of the people's democracy, its first government and first head of state were all created at the CPPCC which was formed jointly by the Communist Party along with various democratic parties and non-partisan personalities. Before the National People's Congress came into being, the CPPCC acted as the highest organ of state power. The National People's Congress, created later, continued to broadly accomodate various democratic classes, strata and friends from all circles who took part in the common struggle during the democratic revolution, and this naturally included representatives from various democratic parties. While the CPPCC no longer carried out functions as an organ of state power, it continues as a broad patriotic united front organization. Although it is a form of multi-party organization under the leadership of the Communist Party, it is also a political system which enables the CPC and various democratic parties as well as people's organizations to carry out consultations on state policies and guidelines, and to conduct mutual supervision. The different personalities included in this organization are now wider than before and consist of Hong Kong and Macau compatriots, returned Overseas Chinese, and specially invited persons from various circles. "The world for all to share, with the wisest and the ablest chosen to rule"; it seems that it is only our people's democratic state which began to meet these criteria. All these demonstrated that our people's democratic dictatorship has further enriched the content of the dictatorship of the proletariat, as well as developed its form. What is most striking is the broad expansion of the scope of the alliance under the leadership of the Communist Party, and the incorporation of a broad united front into the concept of dictatorship of the proletariat. It could be said that in China, the consolidation and expansion of people's democratic dictatorship as a concrete form of dictatorship of the proletariat is inseparable with the consolidation and expansion of a united front, and that both are entirely mutually compatible. It also showed that the Chinese style of dictatorship of the proletariat which consisted of a broad united front is an effective path towards realization of a high level of socialist democracy. At the same time, multi-party cooperation under the leadership of the Communist Party has also become a unique distinction of China's socialist democracy.

The second question: After the disappearance of the national bourgeoisie as a class, why is it that the democratic parties linked to this class could still exist? In December, 1983, a commentary in a foreign newspaper posed this question: "What is the background behind the resurrection of democratic parties which logically should have vanished?"

Things in the world do not follow a fixed pattern and the same is true with political parties. Right from the beginning, China's various democratic parties were different from European and American bourgeoisie political parties, although at the time of their creation, these parties also had the national bourgeoisie and petit bourgeoisie as their own social basis; that is to say, they also had a class background. However, while Marxism advocates the use of a class analysis viewpoint to observe the phenomenon of political parties, it does not favor the simplification of class analysis. It is true that modern political parties are usually born out of a class background, but a political party with a definite class basis does not always remain loyal or defend this class or the narrow interests of this class's economic entities in the process of the party's development. Many complicated, extraordinary conditions occur.

Under our socialist system, the bourgeoisie class as a class entity no longer exists. This is a historic transformation. However, existing democratic parties have not completed their historic mission. These parties were born during the struggle to overthrow the three big mountains sitting on the back of the Chinese people and out of close cooperation with the Communist Party. Their principal aspect is patriotism for they hope to join the great cause to have our country achieve true independence, be rid of poverty and backwardness, and march on the path of prosperity. And under China's concrete historical conditions, under the leadership of the Communist Party, patriotism is an essential element of socialism while socialism is a natural end result of patriotism because only socialism can truly save China and lead China to a state of prosperity and progress. At present, the various democratic parties continue to play an important role in the country's economic construction, reform, reunification of the motherland and promotion of friendly ties with other countries. In particular, they are an indispensable major force for the reunification of the motherland and the implementation of the "one country, two systems" concept. The democratic parties themselves have undergone enormous transformation; from parties that at varying levels, represented the interests and aspirations of the national bourgeoisie and petit bourgeoisie, they have become a political alliance of a portion of socialist working people and patriots supporting socialism as well as a political force serving socialism. This is a fundamental transformation: a political party which was originally based on a certain class, and which, after that class has vanished, did not "cease to breathe" but reappeared with a new face. This is also unusual in the history of the development of political parties. It was decided by our country's unique class relations, by the special links between the new democratic politics and socialist policies, and by the historic mission confronting us. If we consider the fact that socialist society including the working class will continue to harbor different classes (historically, they possess certain varying interests and lifestyles and habits) for a long time, and take note of the historical traditions in politics, then it is not difficult for us to see that henceforth, as long as the Communist Party exists, then other political forces and organizations which could cooperate and work with the Communist Party would also exist in our case, this possibility has already been clearly illustrated. Naturally, in the process of long term coexistence, it is necessary to find new ways and methods to handle the practical relationships between the Communist Party as a leading force and the various democratic parties according to the changes and developments of circumstances. Both sides should make concerted efforts. [paragraph continues]

At present, it can be seen, or rather, there is sufficient reason to say that, owing to the long history of cooperation between the Chinese Communist Party and the various democratic parties, the setbacks and difficulties encountered have conversely become a test of the spirit and sincerity of mutual cooperation. Hence, there is reason to believe that no matter how conditions evolve in the future, including changes within the parties themselves, and no matter what kind of differing political opinions should crop up (this is normal and is the prerequisite for political consultation), the Communist Party and the various democratic parties will always find ways to improve and promote their mutual relationships.

The "long term coexistence, mutual supervision" guideline was forwarded after we entered the socialist society. All socialist countries have different conditions and concrete political systems; thus, they should not be lumped together. However, this guideline undoubtedly conforms with the concrete realities of our country's socialist politics. The "long term coexistence, mutual supervision" proposed 30 years ago has developed to become "long term coexistence, mutual supervision", "mutual sincerity and sharing successes and failures"; this also shows that the relations have made historic advances. Practice has proven and will continue to prove that this coexistence and cooperation is beneficial to socialist politics, socialist democracy, and in the face of the current trend for total reunification of the motherland, it is also beneficial to the expansion of a united front itself and to opening new horizons. Therefore, this guideline not only has vitality in practice, it should be made a new subject for study in socialist science.

HONGQI FOCUSES ON POLITICAL STRUCTURAL REFORM

HK010441 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1419 GMT 31 Jul 86

[Text] Beijing, 31 Jul (ZHONGGUO XINWEN SHE) -- Issue No 15 of HONGQI magazine, to be published tomorrow, carries an article on political structural reform, which says that China's reform is an all-round affair; not only does it include political structural reform, but it could also be said that success or failure in reforms in other fields are ultimately determined by political structural reform.

The article says that the question of political structural reform was raised by the 3d Plenary Session of the 11th CPC Central Committee. However, reforms in this field have only just started and are far from meeting the requirements of development. Carrying out further reforms in political structure is absolutely essential for speeding up reforms in the entire economic structure, with the focus on the cities.

The article states that political structural reforms and economic structural reforms depend on and dovetail with each other. Economic structural reforms cannot be successful unless political structural reforms are carried out. An important aspect of economic structural reform is to improve the state's methods of managing the national economy. It is, therefore, essential to solve the problems of separating party and government responsibilities and of overconcentration of power. It is essential to delegate powers and expand enterprise decision-making powers in order to invigorate the economy, yet some places are still taking powers back from the lower levels by means of companies and other forms. This cannot but have an impact on the enterprises' initiative. There is no doubt at all that we must uphold party leadership. The problem lies in whether we are skilled or not at providing leadership. Party leadership will actually be weakened if the party intervenes too much and without success. [paragraph continues]

For instance, many problems within the scope of the law and society should be handled by the state and the government and resolved by relying on the legal system and social education. If the party intervenes too much, and goes so far as to include within the scope of party style many problems of violations of law and discipline, this will not help in establishing the concept of legal system among the whole body of the people. All these are problems involving political structural reform. Only by really solving these problems can we ensure the smooth progress of economic structural reforms and can the socialist legal system be strengthened.

The article points out that in political structural reform it is also necessary to solve the problems of unwieldy organs, overstaffing, bureaucratism, buck-passing, procrastination, and so on. In solving these problems, we cannot just focus our attention on improving our ideological style; more importantly, we must eliminate the defects existing in the specific systems.

The article holds that it is necessary to adopt a positive and cautious approach to political structural reform, carry out detailed investigation and study, listen to a broad selection of views of experts and of the masses, seriously sum up historical and current experiences, act when our minds are made up, and avoid rash action.

TRADE UNIONISTS URGED TO IMPROVE IDEOLOGICAL WORK

OW040430 Beijing XINHUA Domestic Service in Chinese 1315 GMT 3 Aug 86

[Text] Beijing, 3 Aug (XINHUA) -- The masses of workers must discard their old views, which are incompatible with economic restructuring and fostering new concepts to create a new inner world, Luo Gan, vice president of the All-China Federation of Trade Unions, said today. Trade union cadres must correct weakness in ideological and political work among the workers according to this requirement, play a leading role, and do their work satisfactorily, he continued.

At the conference on ideological and political work among the workers, which closed today, Luo Gan pointed out: Today old views and old habits have considerable influence on the workers. For instance, some consider commodity prices remaining frozen forever "socialist superiority" and entertain apprehension about the reform of the price structure; some look at the wage reform from the feudalistic seniority point of view or on the basis of the small producer's selfish and egalitarian ideas, do not go along with the principle "to each according to his work," and feel uneasy about proper wage scaling and encouraging some to become richer ahead of others; some believe that only production workers can create material wealth and are not happy about the implementation of the policy on intellectuals; others believe that the "iron rice bowl" labor system of lifelong employment proves that the workers are the masters of the country, thinking that the contract labor system will lead the workers to believe that they are reduced to hirelings; still others are not happy about the development of the socialist commodity economy; and so on and so forth. All this shows that old views and habits are indeed an invisible force against the restructuring. So long as these old ideas and habits are not eradicated, staff and workers will hardly plunge themselves into and stand in the vanguard of the restructuring. [paragraph continues]

Luo Gan said: In order to quicken the extinction of the old system and the gradual establishment of the new system, it is imperative to discard the remaining feudalistic thinking and small producers ideas, as well as the benighted and conservative traditional habits -- all of which have something to do with the nondevelopment of the commodity economy -- to foster new concepts compatible with the restructuring and the development of the commodity economy, and to nurse a brand new inner world. At the same time, trade union cadres at all levels must make changing their thinking and fostering new ideas important contents of their ideological and political work among the workers. Through study and constant efforts to understand objective reality, they must look at and comprehend the new things of the restructuring from new points of view. They must learn to tackle problems by understanding their very nature.

Luo Gan also said: Reform of the economic and political systems in our country is bound to pound at old modes, traditional concepts, and the force of habit and shake and readjust the relations of interests of the various categories of members of the society. This in turn is bound to cause contradictions in the people's relations of interests and in their ideas and concepts. It is the important mission of the trade union's ideological and political work to correctly understand and handle the contradictions arising from reform and create a good environment of harmony and unity for reform. In regulating and handling the internal contradictions between the enterprise and its workers, the trade union has a role to play that no other organizations can play in its stead. Trade organizations must be good at discerning and facing existent contradictions and strive to solve them or to turn them in a favorable direction.

This conference began in Beijing on 31 July. Delegates intensely analyzed the workers' ideological condition and the ideological and political work since the start of economic restructuring and summed up and exchanged experiences in building the workers' contingent. They held that trade union cadres must make friends with the masses, talk with them honestly, inspire and guide them, and convince them by reasoning. Trade union cadres must make themselves examples, be strict with themselves, and pay equal attention to precepts and example. They must fully rely on the activists among the masses, encouraging those who entertain ideals to lecture on ideals, those who abide by discipline to lecture on discipline, and those who are advanced and exemplify the spirit of the time to influence and educate the masses in order to achieve real results in ideological and political work.

ANHUI GOVERNOR ADDRESSES MEETING ON POVERTY

OW030607 Hefei ANHUI RIBAO in Chinese 17 Jul 86 p 1, 3

["Excerpts" of Wang Yuzhao speech at Anhui provincial meeting on work against poverty in key counties of old revolutionary base and poor areas on 7 July]

[Excerpts] 1. The Look of Poor Areas Is Changing

In the beginning of 1985 the provincial Party Committee and government set a target to make it possible for the people in the poverty areas to basically break free of poverty within 3 to 5 years and formulated specific plans and a policy for the realization of this goal. The various counties where poverty areas are concentrated have formulated concrete plans and measures accordingly. Through practical work, economic construction has developed rapidly in the 16 key counties -- including Jinzhai, Huoshan, Yuexi, Qianshan, Linquan, and Shexian Counties -- and the look of poverty is changing there. First, forestry has revived. By maintaining existing forests well and taking every step to ensure grain rations and incomes for the peasants will not be reduced, they have accelerated the process of returning cultivated land to forestry and closing hillsides to livestock grazing and fuel gathering in order to facilitate afforestation. They have afforested a total area of 628,000 mu. In addition, they have paid attention to increasing the area of economic forests and planting more fast-growing varieties. The structure of forest and tree varieties has begun to become diversified.

Second, diversified economy is developing vigorously. The percentage share of forestry, animal husbandry, sideline production, and fishery in the total agricultural output value of these 16 counties has risen to 32 percent from 29 percent in the previous year. Large increases have been registered in the production of oil-bearing crops, hemp and flax, large animals, pigs, fowl, rabbits, fruits, cocoons, and tea.

Third, village and town enterprises have prospered. The various localities, where enterprises run by single or joint households are the mainstay and which rely on their loal resources, have vigorously developed processing, the mining and building materials industries, communications and transport, commerce, and the service trades. This is done by focusing attention on projects that are small in scale and that yield results quickly. The total output value of village and town enterprises in these 16 counties has increased 1.73 times over the previous year.

Fourth, capital construction of transport, electric power, and posts and telecommunications projects has been stepped up. The total length of highways open to traffic in the 16 counties has increased by 509 kilometers as compared to 1984. The number of various kinds of motor vehicles has increased by 636 and boats 266. Consumption of electricity in rural areas has increased 21.9 percent from the previous year, or at a rate that is 19.6 percent higher than the average growth rate for the province as a whole.

Fifth, the county-level economies have grown steadily and people's living standards improved. Compared with 1984, the 16 counties' total industrial and agricultural output values have increased 21 percent, and their revenues 21.6 percent. Their peasants' per capita income has increased 20.34 percent from the previous year, or 3.7 times as compared to 1980.

Nevertheless, we must be clear about the existing problems. First, development remains unbalanced: There are still more than 5-08 million peasants in some 1.16 million households, or 12 percent of the total population in the rural areas, whose per capita income is below 150 yuan.

Of this total, nearly 3 million people of some 660,000 households, or around 7 percent of the rural population, have a per capita income of less than 120 yuan. Second, cadres and masses in some localities still entertain the idea that they can rely on the state. They don't have the confidence and courage to lift themselves out of poverty with their own efforts. Third, attention is focused on building "large projects" and running "large enterprises" instead of on the need to help the hundreds of thousands of households to develop production. Fourth, a small number of cadres don't do their work in a solid way and have failed to implement a responsibility system in carrying out the work against poverty. We must pay close attention to these problems and make serious efforts to solve them.

2. Rely on All Households and Explore a New Way To Break Poverty and Attain Prosperity

In keeping with what is called for by the Seventh 5-Year Plan, our province will strive for the following goal in helping the poverty areas to become free of poverty and get rich: Solve the problem of sufficiency in food and clothing within the first 2 years (areas designated for flood discharge and floodwater storage excluded) and become basically free of poverty in the following 3 years. By 1990 poor households can expect an income close to or reaching the current provincial average. We must go a step further and arouse all households to rely on our own efforts, work hard, and, with necessary assistance from the state, gradually find a way to break free of poverty and get rich — a way that conforms with the actual conditions in Anhui. [passage omitted]

3. Strengthen Leadership Over Economic Development in Poverty Areas

Accelerating economic development in the poverty areas is a long-term and arduous strategic task. This calls for strengthened leadership and an effort to avoid the practice of giving only vague, general directions. Party committees and governments at all levels and the concerned departments must make determined efforts to adopt effective and practical measures to help the poverty areas change their backwardness as soon as possible.

CHEN GUANGYI VISITS POOR FUJIAN COUNTIES

OW021116 Fuzhou FUJIAN RIBAO in Chinese 24 Jul 86 p 1

[Excerpt] Over the last 2 months, members of the Standing Committee of the provincial party committee, vice governors, and other leading comrades established support-poor-peasant areas in 11 poverty-stricken and 2 island counties and personally went to the areas to learn about conditions and help resolve problems.

Immediately after arriving at the points, Chen Guangyi and Hu Ping, together with the county and township cadres, called on the poor peasants and chatted with them in the fields and countyards, inquiring about their health and soliciting their views. The leading comrades studied favorable local conditions and the best way to develop a commodity economy. They also drew up plans to eliminate poverty and devised ways to resolve specific issues. Today, the leading comrades still maintain contact with the various points, receiving briefings on the implemenation of support poor peasant measures and offering necessary guidance. [passage omitted]

JIANGSU LEADERS ON HANDLING OF PEOPLE'S LETTERS

OW300600 Nanjing XINHUA RIBAO in Chinese 21 Jul 86 p 1

[Excerpts] According to a XINHUA RIBAO report, a provincial meeting on handling people's letters and visits was held in Nanjing from 15 to 20 July. With the approval of the provincial CPC Committee, the meeting was jointly held by the General Office of the provincial CPC Committee, the General Office of the Standing Committee of the provincial People's Congress and the General Office of the provincial People's Government. This meeting was mainly aimed at disseminating and implementing the guidelines included in the "Circular on Strengthening Work in Handling People's Letters and Visits" issued in March by the General Office of the party Central Committee and the General Office of the State Council and laid down by the nationwide symposium on handling people's letters and visits held in May this year, and at studying and discussing how to do an even better job in handling people's letters and visits in the province during the new period.

On the morning of 20 July, responsible persons of the provincial CPC Committee, the Standing Committee of the provincial People's Congress and the provincial People's Government Han Peixin, Shen Daren, Gu Xiulian and He Binghao Attnded the meeting and delivered speeches. Comrade Han Peixin called on the party committees and governments at all levels and the various departments in charge of handling people's letters and visits in the province to take the initiative to do a good job in this respect. He noted that this should be done by strengthening the basic-level units involved in such work, carefully analyzing information gathered from such letters and visits, and conscientiously handling people's letters and visits. [passage omitted]

In his speech, Comrade Shen Daren fully reaffirmed the tremendous achievements in handling people's letters and visits in Jiangsu during the past few years. He said: Jiangsu has made continuous progress in simultaneously developing the two types of civilization. New developments have been reported every year. The political and economic situation in the province is improving with each passing year. A part of this favorable situation is attributed to the work of those who handle people's letters and visits. On how to further improve the work of handling people's letters and visits, he stressed the following three requirements:

1. It is necessary to fully realize that doing a good job in handling people's letters and visits is long-term major task. Efforts must be made to regard such work as an important channel through which the party and government maintain close ties with the masses and as an important measure to be adopted by the party to wholehartedly serve the people.

2. The party and government leadership at all levels must strengthen their guidance over the work of handling people's letters and visits. The party committees and governments must assign leading comrades to handle such work and assume personal responsibilities in doing such work.

3. The comrades who handle people's letters and visits must display a high sense of responsibility, wholehartedly serve the people, strive to do an even better job in handling people's letters and visits and create a new situation in this regard.

After introducing the favorable situation in developing economic construction and making reforms in Jiangsu and reviewing the major tasks for the Seventh 5-year Plan, Comrade Gu Xiulian pointed out: The work of handling people's letters and visits is closely related to economic construction and structural reforms.

Those departments handling people's letters and visits should directly participate and continue to play an even more important role in developing economic construction and making reforms. Comrade He Binghao pointed out the significant meaning in handling people's letters and visits in terms of promoting socialist democracy and improving the socialist legal system.

When the meeting began, Acting Secretary General Gu Yu of the provincial CPC Committee delivered a work report. A total of 18 units submitted written reports on their experience in handling people's letters and visits. The comrades attending the meeting fully discussed the future task in handling people's letters and visits. They pointed out: In handling people's letters and visits, we must keep pace with the new situation, fulfill our new task and do an even better job in serving the two types of civilization and the reforms, rectifying the party style, developing socialist democracy, improving the socialist legal system and promoting stability and unity. [passage omitted]

Attending this meeting were secretary generals or deputy secretary generals of various city CPC Committees and city governments who handle people's letters and visits; the deputy secretary generals of the standing committees of the city People's Congresses or the responsible persons of the general offices of the various people's congresses who handle such work; the responsible persons of various county (city) party committees or governments who handle such work; the responsible persons of the departments in charge of such work in various cities and counties; the comrades of the relevant departments of various organs directly under the provincial authority; and respresentatives of all sectors of life, totaling 221 people.

SHANGHAI MAYOR PRAISES PROFITABLE JOINT VENTURE

OW042034 Beijing XINHUA in English 1531 GMT 4 Aug 86

[Text] Shanghai, August 4 (XINHUA) -- The first joint venture here has earned 25.22 million yuan (about 6.9 million U.S. dollars) in net profits since its inauguration five years ago. The Shanghai Joint Woolen Textiles Company Ltd, a joint venture between the Shanghai Textile Industry Bureau, the Shanghai Wool and Ramie Industry Company and a Hong Kong firm, has also earned 16.84 million U.S. dollars from exports during the same period.

Moreover, it has paid 25.33 million yuan (about 6.9 million U.S. dollars) in taxes and other revenue to the government. The partners of the venture have already recovered their investments.

Shanghai Mayor Jiang Zemin said at a meeting to mark the fifth anniversary of the venture's inauguration today: "This company has provided valuable experience for other joint ventures in Shanshai."

The venture has spent 17.48 million yuan over the past five years completing two expansion projects. Now, it manufactures 1,000 tons of woolen yarn, 1.5 million woolen sweaters and 1.2 million meters of woolen textiles annually. It also runs a printing and dyeing factory in Hong Kong and a rabbit fur development company with firms in suburban Chuansha County. The company was in the red before 1982 because of mismanagement and became profitable in that year, thanks to government aid including reduction and exemption of income taxes and loans.

FLOOD EBBS IN GUANGXI, TYPHOON KILLS 22

OW311409 Beijing XINHUA in English 1220 GMT 31 Jul 86

[Text] Nanning, July 31 (XINHUA) — Nanning, capital of Guangxi Zhuang Autonomous Region, is now safe, now that flood waters in the region's major rivers today washed downstream into a river in neighboring Guangdong Province, local officials said here today.

The city was menanced by flooding in the past ten days, as waters in the Yongjiang River that runs through the city once swelled to 76.33 meters — six cm lower than the previous peak in 1968 — following downpours that accompanied typhoon No 9.

The typhoon, which hit the region on July 21, took 22 lives, destroyed 20,000 hectares of rice fields and flooded another 28,000 hectares sown to other crops. Officials and people are still on the alert, the officials said, adding that 200,000 people are busy strengthening dams and dikes in anticipation of future disaters this summer.

People in the disaster striken areas in south Guangxi are working hard to restore normal life and production, with help from People's Liberation Army troops.

Secretary Discusses Relief Work

HK011555 Nanning Guangxi Regional Service in Mandarin 1000 GMT 31 Jul 86

[Excerpts] Yesterday evening Chen Huiguang, secretary of the regional CPC Committee, Tao Aiying, deputy secretary of the regional CPC Committee, and Li Xinliang, commander of Guangxi Miliatary District, had a discussion meeting in Hepu County with leaders of Qinzhou prefecture and Hepu County on how to properly carry out relief work.

Hit by this year's typhoon No 9 Hepu county sustained heavy losses. Leaders of the county CPC Committee and government overcame pessimism and built up confidence in fighting the disaster. While properly arranging the daily life of the victims, they organised some 100,000 armymen and people to repair and block breached dikes, achieving intitial results in relief work.

After listening to a report on relief work in the county, the regional leaders expressd satisfaction.

On relief work in the next stage, Comrade Chen Huiguang stressed that the central task for people in disaster areas is to fight the disaster, provide relief, resume production, and rebuild their homeland. They must understand that the guiding thought for relief work is to rely on their own efforts to develop production so as to surmount the disaster. Of course they must also seek assistance and help from the state. The urgent task at present is to block up all breaches and ensure the transplanting of late rice seedlings. The task of rebuilding dikes in the nextx stage will be arduous. Cadres of administrative organs, staff, and workers throughout the region must be mobilized to donate money and goods to assist disaster areas. [page omitted]

Commander Li Xinliang said that PLA is the people's army. The difficulties of the people in disaster areas are also our difficulties. If you have any difficulty, please let us know. We will do our best to help your overcome it.

HAINAN MILITARY EDUCATES ON LEGAL SYSTEM

HK020116 Haikou Hainan Island Service in Mandarin 0300 GMT 1 Aug 86

[Text] The Hainan Military District launched a full-scale campaign of studying and observing the law, thereby strengthening the cadres' and fighters' understanding of the legal system. In the first half of this year, the whole military district discovered no serious crime.

Since the beginning of this year, the military district has seriously acted in the spirit of the central authorities' instruction on popularizing education about the legal system. It formed a team for popularizing the legal system, which focuses on the military court and the military district procuratorate. It also ran three training classes on general legal knowledge and sent 105 cadres to various units for popularizing education about the legal system.

The military district also popularized education about the legal system by publicizing both positive and negative typical examples, organizing film and videotape shows, and so on. It invited 56 cadres and fighters and 27 political and legal cadres at the grassroots level to talk of meetings about their personal experience with the lw.

Various units also showed 12 movies and videotapes on the legal system, including one entitled: "The Long Arm of the Law. Through the specific and figurative education on the legal system, the cadres and fighters now understand the importance of studying, observing, and enforcing the law. Moreover, they consciously observe discipline.

HENAN OFFICIAL SEES DEFECTS IN VETERAN CADRE WORK

HK020549 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 1 Aug 86

[Excerpt] On 31 July at a meeting to check on and sum up the work of handling veteran provincial CPC Committee Deputy Secretary Zhao Di pointed out that it is essential to continually conduct among serving staff and workers education in respecting the old and trusting the meritorious, and to further improve veteran cadre work.

Zhao Di said that at present the work of handling veteran cadres who have retired from the provincial organs is developing very unevenly. Some units are still doing the work in a generalized way, and a few are doing the work poorly. The units all have the following problems in common:

1. The leaders lack sufficient understanding of veteran cadre work and do not attach enough importance to it. They have not put this work on their agenda. The administrative personnel in a few organs have not been educated in trusting the veterans and respecting the meritorious, and the bad custom of snobbishness still exits.

2. Political and livelihood treatment measures for veteran cadres have not been completely firmed up. Housing, travel, and medical problems for some veteran cadees have not been solved properly.

3. The work organs concerned are not on a sound basis, and they lack sufficient staff. They have not done things that they should have done.

In view of these problems, Comrade Zhao Di pointed out that it is essential to continually conduct education in trusting the old and respecting the meritorious for serving cadres, staff, and workers, especially for certain administrative personnel, and correct the bad custom of snobbishness and the trend of only bothering about those in power and ignoring those who have retired. Leading cadres must take the lead in respecting and cherishing the veteran cadres and solve practical difficulties for them.

Comrade Zhao Di said: As things develop, the number of veteran cadres will gradually increase. The veteran cadre work organs can only be strengthened, not weakened. [passage omitted]

HUBEI'S GUAN GUANGFU AT POLITICAL WORK CONFERENCE

HK310817 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 30 Jul 86

[Excerpts] From 25 to 30 July, the provincial CPC Committee held a provincial conference on ideological and political work in Wuchang. Some 340 people attended the conference, including leading comrades of the provincial CPC Committee, the provincial Advisory Committee, the provincial Discipline Inspection Committee, the provincial People's Congress Standing Committee, the provincial government, the provincial CPPCC Committee, and the provincial Military District, Guan Guangfu, Guo Zhenqian, Zhao Fulin, Qian Yunlu, Li Haizhong, Zhang Xueqi, Li Fuquan, Liang Shufeng, Wang Hanzhang, Wang Libin, Duan Yongkang, (Xu Penchang), (Tan Nanpeng), (Tang Zheshan), Wang Shen, and (Wang Jieqing); (Wang Chonlong), Propaganda Department director of the provincial CPC Committee; Tian Qingbo, secretary of the provincial Discipline Inspection Committee; (Zhang Donsheng), deputy secretary general of the provincial CPC Committee; responsible comrades and Propaganda Department directors of all prefectual, city, autonomous prefectural, and county CPC Committees; and responsible comrades of large factories, mines, colleges, universities, provincial commissions, offices,and departments and bureaus on th province's propaganda front. (Li Fu), deputy director of the Theoretical bureau of the Propaganda Department of the CPC Central Committee, was invited to attend the conference.

During the conference's first 2 days, 17 comrades delivered speeches as typical examples. [passage omitted] Materials of the typical advanced examples were distributed at the conference.

On 28 July Guan Guangfu, secretary of the provincial CPC Committee, delivered a speech at the conference.

In accordance with the opinions of members of the Standing Committee of the provincial CPC Committee at a discussion meeting, he spoke on five questions: 1) An analysis of the ideological and political work in the province over the past few years; 2) fully understanding the position and role of ideological and political work in the new period; 3) inheriting and carrying forward a fine tradition, exploring a new road for carrying out ideological and political work with the spirit of reform; 4) vigorously strenghthening the building of the contingent of ideological and political workers; 5 effectively strengthening leadership over ideological and political work. [passage omitted]

On the afternoon of 30 July Guo Zhengqian, deputy secretary of the provincial CPC Committee and provincial governor, read a decision of the provincial CPC Committee on commending advanced units in ideological and political work and outstanding ideological and political workers, and commended 79 advanced units and 37 advanced individuals.

Amid warm applause, the leading comrades of the provincial CPC Committee awarded silk banners and certificates of merit to them. [passage omitted]

At the conclusin of the conference Qian Yunlu, deputy secretary of the provincial CPC Committee, delivered a speech. [passage omitted]

CHANGSHA GARRISON HEADQUARTERS ESTABLISHED

HK020118 Changsha Hunan Provincial Service in Mandarin 0900 GMT 31 Jul 86

[Text] In order to strengthen building of regularization of the Army and to maintain public order in the province's capital, the Changsha Garrison Headquarters was officially established on the morning of 31 July.

The Changsha Garrison Headquarters was established in accordance with the instructions of the PLA General Staff Department on the establishment of garrison headquarters in capitals of all provinces. After its establishment, the Changsha Garrison Headquarters will play an important role in implementing the instructions of the Military Commission of the CPC Central Committee and higher military authorities, in enforcing army discipline and army bearing in the province's capital, in maintaing public order in the Changsha area, in strengthening ties between the Army and the government and between the Army and the people, and in promoting the building of two civilizations in Changsha.

Leading comrades of the provincial Military District, the Changsha City CPC Committee, and the Changsha Military Subarea (Dia Jiuru), (Luo Xueping), (Deng Zhaoxuan), (Yi Jiangyu), and (Hu Zheng) attended the establishment meeting to extend their congratulations and spoke. Responsible persons of all army units and military institutes in Changsha and of the provincial armed police detachment attended the establishment meeting together with over 500 officers and soldiers.

HUNAN MILITARY LEADERS ON MILITIA, RESERVE WORK

HK290823 Changsha Huan Provincial Service in Mandarin 0900 GMT 26 Jul 86

["Comment" by Jiang Jinliu, commander of the provincial Military District, and Gu Shanqing, political commissar of the provincial Military District: "Adapt ourselves to the Strategic Changes in National Defense Guiding Ideology, and Make the Building of the People's Militia and Reserve a Further Success"]

[Text] The enlarged meeting of the Military Commission of the CPC Central Committee held last May was an extremely important meeting in the history of our army. An important decision was made to reduce the number of PLA soldiers by 1 million and to change the status of national defense from preparing for an early and big war [words indistinct] construction in peacetime. Implementing this basic guiding thought will give new vitality and energy to our army and push the process of building our army into a revolutionary, modern, and regular army to a new stage. The Military Commission of the CPC Central Committee also pointed out that the People's Militia system is a traditional military system in China. Building the People's Militia is an important compenent of China's national defense modernization drive. Particularly when the country is now concentrating its efforts to build socialist modernization and reducing the number of servicemen in the Army, it is all the more necessary to pay attention to the building of a reserve force.

In order to meet the needs of the strategic changes in national defense guiding ideology and to further create a new situation in the work of the People's Militia and reserve force in the province, we must first establish the new idea of strengthening the building of the reserve force in the new period and fully understand the position and role of the work of the People's Militia and reserve force. Second, we must treat organizing and mobilizing the people's militia to take the lead in building the two civilizations as the main task in the work of the people's militia and reserve force in the new period and must firmly grasp it. Third, we must reduce the number of core members of the People's Militia, consolidate the People's Militia organizations, and upgrade the military and political quality of the people's militia. Fourth, we must reform political education about the People's Militia and raise the effectiveness and purposefulness of political work in the People's Militia. After the county, city, and district People's Armed Forces Departments have been switched to being under the administration of local authorities, People's Armed Forces Departments must cooperate with all departments on their own initiative, carry out all work, and make new contributions to strengthening the building of the national defense reserve force.

XIZANG CONGRESS STANDING COMMITTEE HOLD, MEETING

HK311224 Lhasa Xizang Regional Service in Mandarin 1130 GMT 30 Jul 86

[Excerpt] On 29 July the 17th Meeting of the 4th regional People's congress standing committee heard and approved a report by the regional auditing Bureau on auditing work. The meeting of 29 July was presided over by Sengqen Lozong Gyaincain and Cao Xu, vice chairmen of the regional People's Congress Standing Committee. Pagbalha Geleg Namgyai, Pudoje, Lang Jie, Jangzhong Zhaxi Doje, and Punche, vice chairmen of the regional People's Congress Standing Committee, attended the meeting. Gong Daxi, vice chariman of the regional People's Government, responsible comrades of the relevant regional departments and bureaus, the Lhasa City People's Congress standing Committee, and liaison groups dispatched by the regional People's Congress Standing Committee to all localities attended the meeting as observers.

Entrusted by the regional People's Government, (Luosang Wandui), responsible comrade of the regional Auditing Bureau, delivered a report on auditing work in the region and also gave explanations on the report. [passage omitted]

XIZANG LEADERS ATTEND ARMY DAY FORUM 31 JUL

HK011556 Lhasa Xizang Regional Service in Mandarin 1130 GMT 31 Jul 86

[Excerpts] On the afternoon of 31 July, leading comrades of the regional party, government, and army, including Wu Jinghua; leading comrades of the Air Force and Chengdu Military Region; representatives of the PLA units of the Xizang Military District stationed in Lhasa and of Armed Police corps; and representatives of the family members of martyrs and soldiers, of demobilized armymen and servicemen transferred to civilian work, and of heroic models held a forum in the No 1 guesthouse of the Xizang Military District to mark the 59th anniversary of the founding of the Chinese PLA.

Fu Quanyou, Chengdu Military Region Commander; Wu Jinghua, regional Cpc committee secretary and Xizang Military District First Political Commissar; Doje Cering, regional People's Government chairman; Zhang Shaosong, Xizang Military District political commissar; (Chen Huaquan), Xizang Armed Police Force deputy political commissar; and Dainba Gyaincain, Lhasa City mayor, spoke at the forum, one after another. They fervently praised the PLA for their distinguished meritorious service in the struggle of building and defending the border areas. [passage omitted] They declared that they would further strengthen Army-government and Army-people unity and together with the PLA, render new meritorious service again in building a new rich, united, and civilized Xizang and in the revolutioning, modernizing, and regularizing the PLA. [passage omitted]

At the time of marking the 59th anniversary of the founding of the Chinese PLA, leading comrades, including He Qizong, deputy chief of staff, and Jiang Hongquan, Xizang Military District commander, went deep into grassroots PLA units in Xizang to happily spend Army Day.

On the evening of 31 July, the Xizang Military District, CL48 the cinema on Beijing Road in Lhasa City, the Xizang Armed Police Corps, Hall the hall of a certain PLA motor vehicle unit stationed in Lhasa, the Lhasa City Working People's Cultural Palace, and the hall of the city CPC Committee respectively held Army-people get-togethers.

XIZANG SECRETARY ATTENDS REGIONAL SEMINAR

OW042050 Beijing XINHUA in English 1535 GMT 4 Aug 86

[Text] Lhasa, August 4 (XINHUA) -- Eighty scholars from all over the country gathered here today for a seminar on Tibetan studies. Speaking at today's meeting, Duiga Norsang Chilai, vice-chariman of the seminar's organizing committee and professor at Tibet University, said that Tibetan studies in China have a history of more than 1,000 years and remarkable achievements have been made, especially in recent years.

Among the attendants at today's meeting were Wu Jinghua, secretary of the Communist Party Committee of the Tibet Autonomous Region, and Minister of Culture Wang Meng.

The seminar has received more than 100 papers covering such fields as Tibetan history, literature, language, calendar, medicine, population, society, education, religion and customs. Congratulatory telegrams have been received from Ngapoi Ngawang Jigme, vice-chairman of the National People's Congress Standing Committee, and the Beijing-based Research Center for Tibetan Studies. Doje Cedain, director-general of the research center, was quoted by the PEOPLE'S DAILY sunday as saying that systematic research in Tibetan studies began only after the founding of new China in 1949.

In the early 1950s a group of scholars specializing in Tibetan studies from all over th country went to Tibet to study its social history, language, religion, philosophy, music, opera, and architecture. They acquired a large amount of first-hand material and developed the field to a new stage. The Tibet Academy of Social Sciences, with Doje Cedain as its president, keeps three million copies of archives in the Tibetan language dating from as far as the Yuan Dynasty (1271-1366) and 1,300 ancient books in sanskrit.

CHENGDU, XIZANG PLA LEADERS ATTEND CEREMONY

HK020157 Lhasa Xizang Regional Service in Mandarin 1130 GMT 1 Aug 86

[Except] An ashes interment ceremony for Comrade Tan Guansan was held at the apple orchard of the 1 August farm in the western outskirts of Lhasa this morning. Present were Chengdu Military Region Commander Fu Quanyou and Deputy Commander Zhang Taiheng; and responsible comrades of the party, government, Army, and CPPCC in Xizang including Wu Jinghua, Pagbalha Celeg Namgya, Doje Cering, Basang, Mao Rubai, and Dangzin [passage omitted]

YUNNAN PROVINCE BORDER GUARDS RECEIVE GIFTS

OW311738 Beijing XINHUA in English 1515 GMT 31 Jul 86

[Text] Kunming, July 31 (XINHUA) -- Letters and gifts have been pouring into Chinese frontier troops guarding the Laoshan mountain on the Sino-Vietnamese border on the 59th founding anniversary of the People's Liberation Army tommorrow. Young people expressed their respect and love for the frontier guards who are shedding blood to safeguard China. The gifts include medicines, fruits, vegetables, meat and eggs, military sources said here today.

NORTH REGION

BEIJING SECRETARY ADDRESSES DEMOCRATIC FORUM

SK020706 Beijing BEIJING RIBAO in Chinese 25 Jul 86 p 1

[Excerpts] On the afternoon of 24 July, the Beijing Municipal CPC Committee held a forum with the participation of responsible persons from the democratic parties, the Federation of Industry and Commerce, and from the mass organizations, as well as nonparty personages. At the forum, Comrades Jin Jian and Han Boping delivered reports on the work done in the first half this year and the major tasks for the latter half of this year.

Chen Xitong, secretary of the municipal CPC Committee and mayor of the municipality, presided over the forum and delivered an opening speech in which he stated: Opening the situation in various fields throughout the municipality to the public is designed to enable everyone in every social circle to understand it well and to make it easier for personnel from democratic parties, the Federation of Industry and Commerce, and the mass organizations, and to enable nonparty personages to better supervise or help the municipal CPC Committee do a good job in its work. Hereafter, such a forum designed to open the situation to the public will be held in each quarter. He sincerely urged the participants to bluntly offer their opinions and suggestions about the problems existing in the municipal work.

In his report, Han Boping, vice mayor of the municipality, stated: During the first half of this year, the scale of capital construction was basically brought under control. The constructuion acreage on which the projects had been newly opened or restored decreased, the acreage on which the projects had been completely built increased, the increase of consumption funds was lower than that of the corresponding 1985 period, the index of commodity prices declined month after month, the supply of nonstaple foodstuffs basically became sufficient, the people's living standard was continuously improved, and the banks deposits of both urban and rural residents reached 6.18 billion yuan. The municipality also fulfilled its annual plan of tax revenues by 51.5 percent. Comrade Han Boping stated: During the latter half of this year, the municipality will concentrate on continuously grasping the building of urban basic facilities, earnestly improving the service quality to facilitate the people's livelihood, continuously upholding the principle of conducting reforms, and on doing a good job in building the production on industry and agriculture and in conducting the work of increasing incomes and curtailing spendings.

Referring to the municipal work of improving party style and correcting malpractices, Jin Jian, deputy security of the municipal CPC Committee, stated in his report: During the first half of this year, we chiefly grasped the following three things: 1) Efforts were made to deal with the major or serious cases; 2) Efforts were made to correct the malpractices emerging in specific fronts; 3) The leading organs scored marked achievements in improving workstyle. During the latter half of this year, our focus will be placed on bringing a change to the workstyle of leading organs, combating the workstyle of bureaucracy, upgrading efficiency and the quality of work, fostering the viewpoint of serving the grassroots level units. [passage omitted]

Attending the forum were Gao Ge, Li Bokang, Xiao Xiang, Wu Baosan, Ding Gongnan, Wu Chan, Chen Mingshao, Chen Zongyi, Su Congzhou, Guan Shixiong, Deng Jixing, Mao Zhifeng, Tang Shaoyuan, An Shiwei, Fu Tieshan, Zhang Shouchong, Zhang Kaiji, Wang Shizhi, Zhang Honghai, Shen Rui, Wu Huanxing, Ren Xiang, and Ruan Zhangjing.

NO CURRENCY CONCESSIONS SEEN IN TALKS WITH U.S.

OW312006 Taipei CNA in English 1425 GMT 31 Jul 86

[Text] Taipei, July 31 (CNA) -- The Republic of China [ROC] is not expected to make significant concessions on the problem of the currency exchange rate during the forthcoming trade talks with the United States as a drastic appreciation of New Taiwan [NT] dollar would upset its industry and eventually undermine its overall economy, a top economic planner predicted Thursday.

Yeh Wan-an, vice chairman of the Council for Economic Planning and Development, said that a precipitous evaluation of the New Taiwan dollar against the greenback cannot help reduce the huge trade deficits the United States has suffered with this country in recent years. The measure, however, Yeh said, would deal a big blow to ROC industries and as a result hamper its economic development.

Yeh pointed out that the continued evaluation of the Japanese yen against the U.S. dollar over the past year has failed to rectify the trade imbalance between Japan and America. The steep rise of the Japanese currency, however, has left a number of Japanese small and medium businesses bankrupt.

Yeh continued that exports account for more than 50 percent of ROC's gross national product, three times Japan's percentage. Moreover, local industries are generally far smaller and less adaptable than their Japanese counterparts. A sharp appreciation of the NT dollar may trigger even more widespread business failures than in Japan, the economist warned.

He further indicated that the NT dollar is now only slightly undervalued. If revaluation is forced, the adjustment range would be very limited and its effects on ROC-U.S. trade would be minimal, Yeh noted.

He added that as a dramatic change in the ROC's currency exchange rate against the greenback would have serious bad effects, the ROC Government is unlikely to make big concessions in the annual Sino-U.S. trade consultations scheduled to begin Monday in Washington, D.C.

'Moderate' Adjustment Possible

OW031147 Taipei Domestic Service in Mandarin 2300 GMT 1 Aug 86

[Station commentary]

[Excerpts] As pointed out in the short commentary of this national hookup program on 31 July, the U.S. Government is planning to negotiate with our government on the revaluation of the NT dollar. We have been informed of this by the United States through the American Institute in Taiwan. Since this matter will have a great impact on the future of our economy and trade, it is worthy of our attention. The government and people alike should analyze thoroughly the positive and negative effects of this matter, uphold well-established principle, and adopt the most appropriate countermeasure. [passage omitted]

It is reported that the U.S. Government hopes to exert pressure through negotiations to have the value of the NT dollar increased by about 20 percent.

This is an unreasonable demand that we can in no way accept because it will deal a heavy blow to the industrial and business enterprises in our country or even deprive them of the capability to continue their operations. In general, our enterprises are of a small size, and the mode of their production is mostly labor-intensive. With the application of excessive pressure to revalue the NT dollar, the value of the products made by our enterprises will go up accordingly. To maintain their export markets, however, the products would have to be sold at a reduced price or even at a price lower than the production cost. This would have a serious negative effect on the enterprises' ability to continue production and operation, resulting in numerous instances of production suspension, slack business and even bankruptcy. [passage omitted]

It has been learned that during the past few days our government has collected sufficient materials concerning our trade with the United States and the related exchange rate question and have analyzed the advantages and disadvantages, gains and losses that would result from a revaluation of the NT dollar. Despite the mounting U.S. pressure, it is expected that our government officials responsible for the negotiations will act on the basis of our national interests, the development of our economy, and the future of our industrial and business enterprises and will not make any concessions against our policy.

In view of the overly large imbalance in Sino-U.S. trade, proper and reasonable standards should inevitably be adopted in dealing with certain questions in the negotiations so as to reach agreement. For example, we can agree grudgingly to a proposal for a gradual and moderate adjustment in a feasible way of the exchange rate between the NT dollar and the U.S. dollar to 36:1, provided that sufficient time is allowed before this new exchange rate is actually put into effect. Otherwise, our representatives taking part in the negotiations should flatly reject the proposal. [passage omitted]

Our government has established a firm policy to alleviate the U.S. pressure in the economic and trade fields. Industrial and business enterprises as well as all people of our country must trust the government and act in accordance with its policy. In no way should they act short-sightedly and selfishly and fail to keep to their stands, thereby weakening the government's ability to take countermeasures in conducting the negotiations and increasing its difficulties in dealing with various issues. For instance, on 31 July when there were only rumors and nothing was definite, many people, banks, and industrial and business enterprises rushed to sell U.S. dollars, forcing the value of the NT dollar to increase under the strong pressure. This kind of act may not be in their own interest, but will put the government in a more difficult position and provide an opportunity for the other side to take advantage of in the forthcoming negotiations. It is absolutely not what normal and patriotic Chinese should do.

Official Discusses Revaluation

OW021431 Taipei CNA in English 1403 GMT 2 Aug 86

[Text] Taipei, Aug. 2 (CNA) -- Chao Yao-Tung, chairman of the Council for Economic Planning and Development [CEPD], said Saturday that judging from a research report by the CEPD the NT dollar is slightly undervalued against the U.S. dollar, and that the exchange rate should be quoted at 37 NT dollar against one U.S. dollar.

The nation's economy will be seriously affected if the value of the NT dollar continues to rise above the 73:1 parity level, Chao said, adding that he had no comment on some scholars' suggestion that the exchange rate be pegged at 36:1.

Speaking at a lecture seminar in Taipei, Chao said that appreciation of the NT dollar is not a satisfactory way of reducing the nation's large trade surplus with the U.S. and its excessive foreign exchange reserves. He suggested that the nation resolve its trade problems by effectively utilizing its foreign exchange reserves to increase investments in public construction projects and by reducing its tariffs to increase imports.

Fei Ching-Han and Ku Ying-Chang, two members of Academia Sinica who were present at the seminar, also said that they preferred reduction of tariff rates to appreciation of NT dollar in resolving the nation's trade problem.

Meantime, according to an informed source from the foreign exchange market, the exchange rate of the NT dollar against the greenback is expected to increase by four NT cents to 37.88:1 on Monday, thereby pushing the value of the NT dollar to its highest level in five years.

NEW STEPS TO DEREGULATE IMPORTS ANNOUNCED

OW010645 Taiepi CHINA POST in English 29 Jul 86 p 12

[Text] The Ministry of Economic Affairs announced that importers will no longer be required to open letters of credit (L/C's) documentary payment bills (D/P's), documentary acceptance bills (D/A's), and open accounts (O/A's), will henceforth be considered sufficient proof of importation. The ministry also announced that another 3,086 categories will be exempted from import licence requirements. This brings to 11,502 the number of deregulated categories. Presently, only 8,416 out of 26,000 imports can be imported without licenses.

Another revision also raised from U.S.$500 to U.S.$1,500 the exemption of goods imported from Japan and Hong Kong from documentation requirements.

A similar regulation for imports from other countries was raised from U.S.$1,000 to U.S.$3,000.

Vincent Siew, director general of the Board of Foreign Trade, also promised to look into banking and customs limitations discouraging imports.

These moves are part of the ROC's [Republic of China] drive to liberalize its highly protected economy. Last Saturday, economic officials announced plans to lower tariffs on some 300 consumer goods as of Sept. 1. ROC officials hope to score some points before meeting with their U.S. counterparts in Washington on Aug. 4.

CONTINUED PREFERENTIAL STATUS WITH U.S. SOUGHT

OW010515 Taipei CNA in English 0236 GMT 1 Aug 86

[Text] Taipei, July 31 (CNA) -- The Republic of China [ROC] will request the United States to continue preferential tariff treatment for some 200 product categories from this nation during the ROC-USA trade talks to be held in Washington, D.C. starting Aug. 4.

The Board of Foreign Trade [BOFT] under the Economics Ministry said Wednesday that the U.S. Government is making a thorough review of its generalized system of preferences [GSP], and is reportedly planning to apply stricter standards and introduce a new GSP graduation list by the end of September.

In order to maintain the competitiveness of the ROC-made products in the U.S. market, the BOFT will bring up a list of some 200 product categories and ask the U.S. to continue to allow these products to enjoy preferential tariff rates in the coming trade talks, the BOFT said.

Among the product categories to be included in the list are 23 products whose respective exports to the U.S. exceed U.S. $75 million per year or whose respective shares of the U.S. market exceed 50 percent, such as telephone sets; 12 products which have been graduated from the GSP system, such as computer parts and inflatable toys; and other products such as sewing machines, calculators and tires whose respective exports to the U.S. exceed U.S. $25 million or whose market shares exceed 25 percent, the official said.

NATION'S INTERESTS FOREMOST AT TALKS WITH U.S.

OW021439 Taipei CNA in English 1357 GMT 2 Aug 86

[Text] Taipei, Aug. 2 (CNA) -- Economics Minister Li Ta-hai has instructed the Board of Foreign Trade [BOFT] to stick to its principle and to do everything it can to fight for fair trade conditions in the upcoming trade talks with the United States.

BOFT Director General Vincent C. Siew, who left Taipei Saturday for the ROC [Republic of China]-USA trade consultative talks to be held in Washington Aug. 4-8, made a report on the upcoming trade talks with the U.S. at a meeting of the Economics Ministry prior to his departure.

Before leaving for the airport, Siew pledged determination to maintain the nation's rights and interests in his talks with the American counterpart, saying that the government will not change its stand easily because of the pressure from the U.S.

Siew said that the Economics Ministry did not entrust him to talk on the exchange rate issue, which has been a focus of public attention over the past few days, and therefore, he did not expect to talk with the U.S. on this issue during the upcoming talks.

Meanwhile, Vice Economics Minister Li Mo said that the ROC Government will gradually phase out the tariff evaluation system, which has been in force here for several years, but added that he does not believe this system has ever affected the nation's fair trade with the U.S.

In response to some foreign wire service reports that the U.S. has decided to take retaliatory actions against this nation for its implementation of the tariff evaluation system, Li said that he believes the U.S. must have misunderstood this system which does not cover U.S. products and is applicable to only a small variety of foreign products.

BOFT Head Views Talks

OW020315 Taipei CNA in English 0240 GMT 2 Aug 86

[Text] Taipei, Aug. 1 (CNA) -- Board of Foreign Trade [BOFT] Director General Vincent C. Siew, heading a 16-member delegation of the Republic of China [ROC] will leave for Washington, D.C. Saturday to attend the 1986 ROC-USA trade consultative talks Aug. 4-8. In a press conference Friday, Siew said the talks will discuss the following six main points:

-- To study the request by the U.S. that the ROC open its market, lower import tariffs and left bans on the imports of several agricultural products from the United States;

-- To study the U.S. request that the ROC cancel the after-tax price list, and the local content rate and the export ratio imposed upon the joint venture auto industry;

-- To examine how the ROC's products are enjoying the GSP [General System of Preferences] of the United States;

-- To study the request by the U.S. side that the ROC give priority to buying American equipment for important construction projects; and

-- To study the U.S. petition that quotas be put on the ROC's export of mechanical tools to the U.S.

The 16 members of the delegation are representatives from the Board of Foreign Trade, the Industrial Development Bureau, the Ministry of Finance, and the Foreign Ministry.

Tariffs To Be Explained

OW040335 Taipei CNA in English 0244 GMT 4 Aug 86

[Text] Taipei, Aug. 2 (CNA) -- The Government of the Republic of China, through appropriate channels, will explain to the Reagan administration its misunderstanding of the ROC's calculating of customs tariffs, Finance Minister Robert C. Chien said Saturday.

Chien said he has instructed Lai Ying-chao, director of customs administration, to make a detailed explanation on the practice of calculating customs tariffs based on the duty paying system, trying to clarify this misunderstanding. Lai left Taipei Saturday afternoon with the ROC delegation, headed by Director General Vincent C. Siew of the Board of Foreign Trade, to take part in the ROC-USA trade consultative talks scheduled to open in Washington D.C. Aug. 4. "I hope the misunderstanding will be clarified and removed successfully through talks," the minister said.

Although claiming that his ministry has not yet received any official information on President Ronald Reagan's accusation from the U.S. Government, Chien stressed that the ROC Government has excluded American products from the duty paying system on which import tariff calculation is based. And none of the U.S.-made products are among the listed imported products, including Mercedes-Benz sedans and National brand video tape recorders, which are subject to the duty paying system, he added.

Chien explained that although the Republic of China is not a signatory to the General Agreement on Tariffs and Trade, it calculates customs tariffs based on the true value of imported products according to the GATT regulations. Besides, the ROC Government is committed to revoke the duty paying system completely five years from now according to the GATT regulations, and the GATT system is only a provisional measure which does not violate the GATT spirit, he said.

DAILY REPORT

China

Vol I No 151 6 August 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

Foreign Ministry Spokesman on Gorbachev Speech A 1
    AFP Report A 1
Analysis of U.S. Vice President's Visit to Egypt A 2
Who To Collaborate in Chinese Medicine Research A 3

UNITED STATES

PRC Spokesman Denounces U.S. 'Interference' [AFP] B 1
U.S. Court Decision on Railroad Bonds Viewed [RENMIN RIBAO 30 Jul] B 1
XINHUA Sees Further Weakening of U.S. Dollar B 2

SOVIET UNION

USSR's Talyzin Visits PRC Trade Exhibit 4 Aug C 1
USSR Buys Shanghai Silk After 20-Year Lapse C 1

NORTHEAST ASIA

PRC Leaders Meet With Japan's Nikaido D 1
    Hu Yaobang Discusses Relations [KYODO] D 1
    Meets With Deng Xiaoping D 2
Deng on Soviet Proposal [KYODO]

WESTERN EUROPE

Turkish National Assembly Group Continues Visit G 1
    Talks With Hu Qili G 1
    Meets Peng Zhen G 1
Italian Premier Vows Strengthened Ties With PRC G 2

EASTERN EUROPE

GDR President 'Likely' To Visit in October [AFP] H 1

PRC NATIONAL AFFAIRS

Deng Xiaoping on Separation of Party, Government [JIEFANG RIBAO 1 Aug] K 1
Wan Li Urges No 'Backsliding' in Reforms K 1
Fei Xiaotong Views Political Structural Reform [GUANGMING RIBAO 30 Jul] K 1
Shanghai Paper Discusses Political Reform [SHIJIE JINGJI DAOBAO 21 Jul] K 4
OVERSEAS RENMIN RIBAO on Economic Reform K 9

Mao Zedong Thought Exponent Honored on Stamps K 9
RENMIN RIBAO on Modernization of PLA Navy [28 Jul] K 9
Researcher Studies Nuclear Casualties K 10
Meeting Held on Building Civilized Villages K 10
Tian Jiyun Addresses National Financial Meeting K 12
Peasants Earn More From Rural Industry, Services K 13
Baoshan Iron, Steel Works Completes Trial Period K 13
State Council Ministries Tighten Expenses K 13
New Channel for Cooperation With Foreign Firms K 14
OVERSEAS RENMIN RIBAO on Renewed Tax Breaks K 14
30 Killed by Flooding in Northeast Provinces [CHINA DAILY 6 Aug] K 15
Deng Pufang Visits Jilin Province 5 Aug K 16
Li Peng Meets Advanced Sports Representatives K 16
New Weapons Accelerate Army Modernization K 17
Naval Vessels To Be Named After Rivers, Cities K 17
RENMIN RIBAO on Shanghai Reform Discussion [28 Jul] K 18
Illegal Trading of Grain Coupons Prompts Concern [CHINA DAILY BUSINESS WEEK SUPPLEMENT 30 Jul] K 22
Capital Construction Expands in Disguised Form K 23
Shanghai Port Corrects Unhealthy Tendencies K 25
Official Says 45 Million New Jobs Needed [CHINA DAILY 5 Aug] K 25
Yuan Baohua Explains Factory System in HONGQI K 26
Official Endorses Enterprise Bankruptcy K 27
Huang He Delta Being Turned Into Economic Zone K 28
Water Resources Minister Calls For Saving Water K 29
Beijing Holds Meeting on Spiritual Civilization [BEIJING RIBAO 26 Jul] K 30
Deng Liqun, Others Visit Art Exhibition K 31
State Council Approves Education Via Satellite K 31
Sex Education Office Set Up in Shanghai [RENMIN RIBAO 1 Aug] K 32
First Citywide Eradication of Rats Claimed K 32

PRC REGIONAL AFFAIRS

EAST REGION

Jiangxi Party Official Urges Correcting Style O 1
Li Jiulong Speaks at Shandong Army Meeting O 2
    Meeting Concludes O 2
Qingdao Firms Benefit From Imported Technology O 3

CENTRAL-SOUTH REGION

Shenzhen Uncovers Foreign Exchange Black Market [CHINA DAILY 5 Aug] P 1
Plant Manager System Meeting Opens in Guangdong P 1
Henan Governor Emphasizes Economic Work P 2

SOUTHWEST REGION

Sichuan Military District Improves Party Style Q 1

NORTHEAST REGION

Liaoning Factory Becomes PRC's First Bankruptcy S 1

TAIWAN

Officials Note U.S. Trade Statistics Differences V 1
Commentary on Efforts To Reduce Trade Imbalance V 1
Government Encourages Trade With Japan V 2
FRG's DPA News Agency Opens Taipei Office V 2
Editorial Views PRC-USSR Relations Outlook [CHINA POST 2 Aug] V 3

HONG KONG MEDIA ON CHINA

Hong Kong Official Rules Out Daya Bay Referendum W 1
[SOUTH CHINA MORNING POST 4 Aug] W 1
Basic Law Group Holds 'Meet the Public' Session W 1
[HONG KONG SUNDAY STANDARD 27 Jul]
Basic Law Group Wants Passport Issue Clarified W 2
[HONGKONG STANDARD 2 Aug]
CPC Attitude Toward Nuclear Plants Viewed W 3
[CHENG MING 1 Aug]
WEN WEI PO on Relations Between Government, People [4 Aug] W 9
All-Round Contract System of Employment Implemented W 10
[MING PAO 29 Jul]
JIEFANGJUN BAO Hits at Poor Armed Forces Management W 11
[MING PAO 2 Aug]
Shift in Taiwan's Reunification Policy Seen W 12
[SOUTH CHINA MORNING POST 5 Aug]

FOREIGN MINISTRY SPOKESMAN ON GORBACHEV SPEECH

OW061008 Beijing XINHUA in English 1002 GMT 6 Aug 86

[Text] Beijing, August 6 (XINHUA) -- A Chinese Foreign Ministry spokesman today said that Soviet leader Mikhail Gorbachev in his speech of July 28 made new remarks on the improvement of the Sino-Soviet relations that had not been said before.

While answering questions on China's reaction to Gorbachev's speech at the weekly press briefing here this afternoon, the spokesman said, "We have taken notice of the speech and are studying it."

In reply to questions on China's reaction to Soviet proposal for the holding of Sino-Soviet dialogues at any level and at any time, he said China and the Soviet Union have already begun dialogues at a certain level, but the question is that the dialogues should be serious ones and substantial progress made.

On the comprehensive utilization of the hydraulic resources of the Heilongjiang River, the spokesman said that experts of the relevant departments of the two countries had exchanged views in this regard not long ago and the two sides are working on the corresponding agreements on the issue.

Commenting on Gorbachev's proposal for a Pacific conference, the spokesman said, "We hold that to guarantee the security in Asian-Pacific region, it is essential, girst of all, to take concrete actions by greatly reducing nuclear weapons and missiles already deployed and easing the tension in the region and removing the hot spots of Afghanistan and Kampuchea.

When asked about the Soviet proposal on the withdrawal of a considerable proportion of its troops from Mongolia, he said that "We have taken notice of this expression from the Soviet side."

As for the progress on the question of the exchange of visits betweeen Chinese and Soviet foreign ministers, the spokesman said the dates of their visits are yet to be discussed through consultations but there are no problems involved in the routine meeting between the two foreign ministers during the UN session.

With regard to space cooperation between the two countries including the training of Chinese astronauts, the spokesman said that remains to be studied.

AFP Report

HK060848 Hong Kong AFP in English 0835 GMT 6 Aug 86

[Text] Beijing Aug 6 (AFP) -- China said Wednesday that Soviet leader Mikhail Gorbachev had made "new remarks" on Sino-Soviet relations in a major foreign policy speech last week, but rejected his proposal for an Asia-Pacific security conference.

"We believe that he has made some new remarks on the improvement of Sino-Soviet relations which have not been said before,"Foreign Ministry sopkesman Yu Zhizhong said at a weekly press briefing.

"We are still studying the speech," he said.

"We hold that to ensure the security of the Asian and Pacific region practical steps must first of all be taken," the Foreign Ministry spokesman added, referring to Mr Gorbachev's reiteration of a proposal for an Asia-Pacific security conference.

He said Moscow needs to: "Greatly reduce the nuclear missiles already deployed, ease the tension with the region, and remove the two hot spots in Afghanistan and Kampuchea."

Mr Gorbachev, in the July 28 speech in Vladivostok, said that Moscow was ready to hold a dialogue with Beijing on any level at any time in an attempt to improve relations.

He also announced a partial pullout of Soviet troops from afghanistan by the end of the year and proposed a partial withdrawal of Soviet troops from Mongolia. The Soviet leader also called for Sino-Soviet space cooperation.

ANALYSIS OF U.S. VICE PRESIDENT'S VISIT TO EGYPT

OW060206 Beijing XINHUA in English 0147 GMT 6 Aug 86

[News analysis: What Bush Brings to Egypt in His Visit? (by Yu Yuanjiang) -- XINHUA headline]

[Text] Cairo, August 5 (XINHUA) -- U.S. Vice-President George Bush, who just concluded a visit to Egypt, brought nothing to the country as he failed to meet any of the requests of his hosts. The vice president was embarrassed by an acute and awkward question at his farewell press conference here this afternoon.

After Bush read out a prepared statement, a reporter asked: "It seems that all the requests Egypt put forward to you are not new and you did not offer anything. If you had nothing to offer, then why did you come?" It is well known that with its economy seriously affected by the plummeting world oil prices, Egypt has asked the U.S. Government to satisfy its three requests -- cutting by half its current 12- to 15-percent interest rate on its 4.55-billion-dollar military debts to the United States, pressing the International Monetary Fund to give more loans on easy terms to Egypt and increasing the current 150 million dollars in cash aid to 500 million dollars in the U.S. annual economic aid of 850 million dollars.

These request were already raised to the U.S. Government by Egyptian Vice-Premiers 'Abu Ghazalah and Kamal al-Janzuri when they visited Washington last month.

Bush said Monday that Egyptian President Husni Mubarak had briefed him on the economic situation in Egypt, but he was not in a position to offer any commitments concerning these requests and that he would consult with President Ronald Reagan and the U.S. Treasury Department. Diplomatic observers here noted that this indicates that Bush had, in fact, brought nothing to Egypt.

AL-JUMHURIYAH, one of Egypt's three major Arabic-language dailies, Tuesday carried an editorial entitled "Self Reliance First," calling for self-reliance first in solving the economic problem in the country to broaden Egypt's free will and free decision-making.

Meanwhile, the "EGYPTIAN GAZETTE," the country's only English-language newspaper carried an editorial entitled "Bush's Listening Visit," which pointed out that it was not possible to expect much from Bush's visit to Egypt because he was only on a listening tour.

Besides the economic issue, Bush at his press conference expected that an agreement on the Egyptian-Israeli territorial dispute over Taba would be signed soon. But an Egyptian spokesman said Tuesday upon Bush's departure for home that although progress was being made in the Tabah talks, differences remained to be ironed out.

Well-informed sources here said that since Bush offered nothing to Egypt, the Egyptian Government will not satisfy Bush on U.S. requests, which included allowing U.S. nuclear-powered warships to pass the Suez Canal, fixing a date for the U.S.-Egyptian joint military exercises code-named "Bright Star" for 1987 and giving more conviniences for U.S. military activities in the region, reaching an agreement on the Tabah issue with Israel as soon as possible and sending the Eghptian ambassador back to Israel.

WHO TO COLLABORATE IN CHINESE MEDICINE RESEARCH

OW041454 Beijing XINHUA in English 1439 GMT 4 Aug 86

[Text] Beijing, August 4 (XINHUA) -- A ceremony was held here today to inaugurate the Institute of Medicinal Plant Development of the Chinese Academy of Medical Sciences as a WHO (World Health Organization) collaborating center.

Attending the ceremony were Dr. Hiroshi Nakajima, director of the WHO regional office for the Western Pacific, Chen Minzhang, vice-minister of public health, Gu Fangzhou, president of the Chinese Academy of Medical Sciences, and about 200 people involved in traditional Chinese medicine.

Nakajima thanked the Chinese Government, especially the Ministry of Public Health, for their approval of the inauguration. He said, as one of the important components of traditional medicine, medicinal plants have played a significant role in the people's struggle against diseases. "The 2,000 years of history of utilizing and developing medicinal plants has put China in the leading position in the world," he said.

The institute has successfully conducted a nationwide survey and identified more than 5,000 species of medicinal plants in China. About 2,000 species of living plants have been introduced and cultivated. A medicinal herbarium with 5,000 specimens has been set up, and the institute has also published a compilation of "Chinese materia medica".

Nakajima said the institute, which has cooperated many times with the WHO, would provide advisory services, to organize training programs and undertake cooperative research in the field of medicinal plants.

Xiao Peigen, director of the instutute and the WHO collaborating center for traditional medicine and also a WHO consultant, said that the institute now has an experimental garden of about 70 hectares, where more than 1,000 kinds of medicinal plants are growing. The institute has also established more than 10 laboratories.

PRC SPOKESMAN DENOUNCES U.S. 'INTERFERENCE'

HK051258 Hong Kong AFP in English 1243 GMT 5 Aug 86

[Text] Beijing, Aug 5 (AFP) -- China denounced Tuesday a resolution adopted by the U.S. House of Representatives criticizing population policies and alleged human rights violations in China and calling for the peaceful resolution of the Taiwan question.

"We are opposed to this act of interference in the internal affairs of China on the part of the U.S. Congress," a Chinese Foreign Ministry spokesman said.

The resolution passed Friday by the Foreign Affairs Committee of the U.S. House of Representatives criticized China's policy of promoting the one-child family and called on Beijing to guarantee certain civil rights such as freedom of the press, religion and travel.

"Frankly speaking, different countries hold divergent views on the question of human rights. China is by no means among the countries that should be subjected to criticism on this question," the spokesman said.

"Anyone who knows about Chinese history and respects reality will agree that the Chinese people have never enjoyed before such full democracy and freedom as they do today," he added.

On Monday, the official PEOPLE'S DAILY called adoption of the resolution an "extremely unfriendly" act which could impede improvement in Sino-U.S. relations. U.S. statements on population policies and human rights in China never fail to provode angry response from the Chinese authorities, observers said.

The Foreign Ministry spokesman also said the Taiwan question was an internal Chinese matter on which the U.S. legislators had no right to pass a resolution.

The resolutuon, which also criticized alleged human rights violations in Taiwan, called on Beijing to resolve the Taiwan issue by peaceful means. "It is our policy to strive for a peaceful settlement of the question of the reunification of the mainland and Taiwan," the spokesman said. "However, we cannot give the guarantee to any country and commit ourselves to only one way instead of several ways in solving this question," he added.

U.S. COURT DECISION ON RAILROAD BONDS VIEWED

HK051330 Beijing RENMIN RIBAO in Chinese 30 Jul 86 p 1

["Special dispatch" by correspondents Zhang Yunwen and Jing Xianfa: "The U.S. Federal Appeals Court Rules That Holders of Huguang Railroad Bonds Have No Right To Claim Compensation From the Chinese Government"]

[Text] Washington, 29 July — On 25 July the U.S. Federal Appeals Court ruled that American bondholders have no right to force the Chinese Government to pay the bonds of the Hugaung Railroad issued by the Qing Government in 1911.

In 1977 the holders of Huguang Railroad bonds represented by Russell Jackson took legal proceedings to the Federal Appeals Court in Alabama against the Chinese Government, claiming compensation from the latter on the bonds issued by the Qing Government in the United States in 1911. In September of 1982 the court unwarrantably ruled that the Chinese Government should pay $41 million or so as compensation on the grounds that the Chinese side refused to appear the court.

The Chinese Government stated that the Government of New China was not responsible for the odious debts of the Qing Government in those years and reaffirmed that according to international law, the Chinese Government has the absolute sovereign right not to accept any lawsuits put up by foreign courts. In 1984 the same court made a new ruling to dismiss the case. However, the plaintiffs kept on lodging appeals, causing the 11th U.S. Circuit of Appeals in Atlanta to re-try the case. On 25 July the court announced that it upheld the 1984 judgment of the federal court in Alabama, /admitting that the Chinese Government has the absolute sovereign right not to accept the rulings of foreign courts./ [Beijing RENMIN RIBAO in Chinese 31 July carries on page 6 a correction to the item substituting the following: "that the U.S. 1976 'Foreign Rights Immunity Law' cannot be applied retroactively, and the court has no jurisdiction over the case." for the preceding passage within slantlines] It dismissed the case. Hence, the case of the Huguang Railroad bonds lasting for 6 years has been basically concluded.

Attorney Suo Lu who took part in the trial of the case held: The judgment of the Circuit Court of Appeals on the lawsuit case of the Hugaung Railroad bonds will pave the way for China to issue bonds in the United States in the future.

XINHUA SEES FURTHER WEAKENING OF U.S. DOLLAR

OW051329 Beijing XINHUA in English 0626 GMT 5 Aug 86

["Roundup: U.S. Dollar Continues Downward Course (by Xia Zhaolong)" -- XINHUA headline]

[Text] New York, August 4 (XINHUA) -- Disappointed with the somber business data released over the past weeks, market specialists here seem to have agreed that the greenback will remain bearish on the world financial market, at least for the rest of the year.

Chad Dickson, vice president in charge of foreign exchange at Salomon Brothers Inc., told XINHUA that he would not be surprised to see the dollar drop to 140 Japanese yen and 1.9 deutsche mark.

The trade-weighted value of the dollar against other major foreign currencies has fallen over 30 percent from its February 1985 peak, and approximately one-third of the drop has occurred this year, according to economists.

The basic reason for the weakening of the U.S. dollar comes from the country's sluggish economic performance and its deteriorating trade balance. During the first six months of this year, the U.S. gross national product grew at a paltry annual rate of 2.4 percent while its foreign trade sustained a record deficit of 83.9 billion dollars, 14.6 billion dollars more than [incomplete sentence as received]

USSR'S TALYZIN VISITS PRC TRADE EXHIBIT 4 AUG

OW050642 Beijing XINHUA in English 0538 GMT 5 Aug 86

[Text] Moscow, August 4 (XINHUA) — Soviet First Vice Premier Nikolay Talyzin today voiced interest in economic cooperation, including co-production ventures with China, during a visit to a Chinese trade fair in Moscow, the first of its kind in 33 years.

Talyzin, who is also chairman of the State Planning Committee, enquired about the exhibits on display at times going into minute details. "Let's see in which fields we can engage in cooperation with China in production," he remarked to Lev Voronin, another vice chairman of the Soviet Council of Ministers, who accompanied Talyzin during the tour. Voronin is also chairman of the State Committee for Material and Technical Supplies.

On entering the exhibition in Sokolnikiy Park, Talyzin asked whether the 55 color TV sets on display were made with Chinese-made parts or imported components. He also asked about China's production potential for machine and electronic products and household electrical appliances.

The Soviet first vice premier frequently asked questions about the possibility of entering into joint production and other forms of cooperation with China. "We are interested in cooperation in mining of non-ferrous metals," he said. Talyzin also suggested cooperation in timber-processing, joint manufacture of furniture and mutual supply of parts for household electrical appliances and other materials.

At the end of the visit, Talyzin told Chinese Ambassador Li Zewang that the two countries could launch joint-ventures in economic cooperation.

Talyzin wrote in the visitors' book that the exhibition displays the China's economoic accomplishments and demonstrates the great possibilities of further cooperation between the two countries.

The exhibition, the first wholly-Chinese trade fair in the Soviet Union since 1953, features more than 4,000 exhibits in the 2,500-square-meter hall. The fair ends on August 10. Soviet Premier Nikolay Ryzhkov visited the fair on Saturday.

USSR BUYS SHANGHAI SILK AFTER 20-YEAR LAPSE

OW051124 Beijing XINHUA in English 0811 GMT 5 Aug 86

[Text] Beijing, August 5 (XINHUA) — Silk garments made in Shanghai have re-entered the Soviet market after an absence of more than two decades, "ECONOMIC NEWS" reported today.

So far this year, the Soviet Union has ordered 8.3 million U.S. dollars worth of Shanghai silk garments.

According to the paper, the Soviets are most interested in silk ties, scarves and cushions.

PRC LEADERS MEET WITH JAPAN'S NIKAIDO

Hu Yaobang Discusses Relations

OW051205 Tokyo KYODO In English 1159 GMT 5 Aug 86

[Text] Beijing, Aug 5 KYODO -- Chinese Communist Party leader Hu Yaobang said Tuesday Japan would damage its own image in the world if it does something to hurt Asian people's feelings. Hu reportedly made the remarks in a meeting with Susumu Nikaido, former vice president of the ruling Liberal-Democratic Party, at Beidaihe, Hubei Province where Hu is vactioning.

The party chief apparently referred to the visit to Yasukuni Shrine, dedicated to the Japanese war dead, by Japanese Cabinet ministers and also to a controversial history textbook. He was quoted as saying that over the past 40 years and more, Japan has had a fairly good reputation internationally on the whole.

Hu also pointed out that following the normalization of relations between Japan and China, the Chinese Government and media respected Japan's internal affairs and external policies and have taken a position of noninterference and noncriticism.

Nikaido said that lasting peace and friendship between Japan and China is the foundation of peace in Asia and added that he will devote the rest of his life to the development of bilateral friendly relations.

Meets With Deng Xiaoping

OW051422 Beijing XINHUA in English 1405 GMT 5 Aug 86

[Text] Beidaihe, Aug 5 (XINHUA) -- Chinese leader Deng Xiaoping said here today it is of great importance to develop friendship and cooperation between China and Japan. Much remains to be done and bilateral relations have a bright future, he added.

Deng, chairman of the Central Advisory Commission of the Chinese Communist Party, was speaking during a meeting here this afternoon with Susumu Nikaido, top adviser to the Liberal Democratic Party of Japan.

Nikaido is a witness to the signing of the joint statement of the Japanese and Chinese Governments normalizing the Sino-Japanese relations in 1972. "Whenever the scenes flash back to my mind," he said, "I am aware of the importance of Japan-China relations and become even more determined to do my best for the development of such relations."

Deng described Kakuei Tanaka ano Masayoshi Ohira, then Japanese prime minister and foreign minister respectively, as two statemen contributing to the normalization and development of Sino-Japanese relations. "Chinese people will never forget them," he said.

The cause of friendship between the two countries started by the older generation of Chinese leaders and the Japanese statemen should be carried on, Deng said. Deng asked Nikaido to convey his regards to Kakuei Tanaka and widow of Masayoshi Ohira and wished Tanaka earlier recovery.

Nikaido said to the sun-tanned Deng, "I am very happy to see you in excellent health." He wished Deng a long life. Present on the occasion was State Councillor and Foreign Minister Wu Xueqian.

Deng on Soviet Proposal

OW060043 Tokyo KYODO in English 0031 GMT 6 Aug 86

[Text] Beijing, Aug 6 KYODO -- China's supreme leader Deng Xiaoping has sounded cautious about a peace initiative launched by Soviet leader Mikhail Gorbachev last month, Japanese sources say. "Judging from the state of things in the Soviet Union, it is necessary to watch the situation for the time being," Deng told Susumu Nikaido, a senior politican of Japan's ruling Liberal-Democratic Party, in a meeting at the summer resort of Beidahe Tuesday.

Deng was commenting on a major policy speech Gorbachev made in Vladivostok late last month in which the Soviet leader said Moscow was ready to improve ties with China.

According to a Nikaido aide who attended the meeting, Deng said it was premature to think that Gorbachev's Vladivostok speech clearly reflected his foreign policy. As far as China is concerned, Deng was quoted as telling Nikaido that the Soviet Union has done nothing to remove "three major obstacles" for the normalization of Sino-Soviet relations.

China's party chief Hu Yaobang, in a separate meeting with Nikaido earlier in the day, also cited the existence of the "three obstacles" as barriers blocking a thawing of tension between China and the Soviet Union, Nikaido's aide said. The three obstacles include what China views as Moscow's continued military support for Vietnam's occupation of Kampuchea.

However, Deng said there were "positive elements" in Gorbachev's speech, and that China will carefully study all its contents. Deng did not elaborate on what he meant by positive elements, but diplomatic observers say he apparently alluded to Gorbachev's proposal to pull Soviet troops from Mongolia and to the possibility that China may hold talks with the Soviets on this topic as part of the normalization of bilateral relations, they said.

Turning to bilateral relations with Japan, Deng told Nikaido that it is of great importance to develop friendship and cooperation between the two countries, but that "much remains to be done," the official news agency XINHUA said.

The two leaders also reminisced about the development of post-war Sino-Japanese relations, including the 1972 signing of the Shanghai Communique, which normalized diplomatic relations bewtween the two countries. "Whenever the scenes flash back to my mind, I am aware of the importance of Japan-China relations," Nikaido, who witnessed the communique signing ceremony, told Deng.

Deng described Kakuei Tanaka and Masayoshi Ohira, then Japanese prime minister and foreign minister, as two statemen who contributed to the normalization and development of Sino-Japanese relations. "The Chinese people will never forget them," Deng was quoted as telling Nikaido.

TURKISH NATIONAL ASSEMBLY GROUP CONTINUES VISIT

Talks With Hu Qili

OW051114 Beijing XINHUA in English 0936 GMT 5 Aug 86

[Text] Beidaihe, August 5 (XINHUA) -- Hu Qili, member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, met with a delegation from the Turkey-China friendship group of the Turkish Grand National Assembly at the north China seaside resort of Beidaihe today. The delegation is led by Halil Sivgin, chairman of the group who met Hu in 1984 on his visit to China at the head of a Turkish motherland party delegation.

Hu, also a member of the Secretariat of the CPC Central Committee, said the Chinese and Turkish people share a strong desire to develop bilateral friendly relations and cooperation. There exist broad prospects for the Sino-Turkish cooperation in the fields of politics, economy, trade and culture, he added. Hu congratulated Turkey on its achievements in the economic reform.

Sivgin said that the two countries are carrying out bold economic reforms and Turkey is following closely with China's successful attempt for the reform. He expressed his hope for a continuous expansion of bilateral friendly relations and cooperation.

Hu also conferred with Sivgin on questions of common interest in the economic reforms and briefed him on China's policy toward minority nationalities. After the meeting, Hu gave a luncheon in honor of the Turkish guests and accompanied them to view the seaside scenes. The delegation left here for the Xinjiang Uygur Autonomous Region this afternoon.

Meets Peng Zhen

OW051356 Beijing XINHUA in English 1334 GMT 5 Aug 86

[Text] Beidaihe, August 5 (XINHUA) -- Chinese leader Peng Zhen said today that the present Chinese political system is not entirely suited to the needs of economic development, and China will reform the system step by step during the ongoing economic restructuring. Peng Zhen, chairman of the National People's Congress Standing Committee, made the remarks here today while meeting a delegation from the Turkey-China friendship group of the Turkish Grand National Assembly, headed by chairman of the group Halil Sivgin. He added that China's political system basically conforms to the economic development. But China needs to reform those aspects that do not or do not suit it entirely. He told the Turkish visitors that China and Turkey are both carrying out economic reforms according to their actual conditions and needs. This is a great cause, he added. On China's economic reform, Peng said, "Errors may emerge during the course of the reform. But we are convinced that we can solve and correct them with our own efforts."

Sivgin considered that China's economic reform has achieved great success, and said, "Errors may provide experience for better development."

Peng held that both the Chinese and Turkish people are close comrades-in-arms in safeguarding world peace, and a strong China and a strong Turkey would strengthen the force for safeguarding world peace. Shaking hands with Sivgin, Peng said, "Let our two countries join hands and learn from each other's strong points and the lessons of development."

Sivgin said it is very beneficial for the two countries to share experiences and his country attaches great importance to developing relations with China.

Peng noted that the "silk road", started by ancestors of the two peoples, had made important contributions to promoting the economic and cultural relations and friendship between the two countries and peoples. He expressed his hope for further friendly relations and cooperation.

Sivgin said, a "new silk road" should be set up between the two countries that would not only serve trade but also friendship and peace.

Present at the meeting were Wang Hanbin, secretary-general of the NPC Standing Committee, and Song Chengzhi, member of the NPC Standing Committee. The delegation arrived in Beidaihe from Beijing this morning by special plane.

ITALIAN PREMIER VOWS STRENGTHENED TIES WITH PRC

OW060632 Beijing XINHUA in English 0615 GMT 6 Aug 86

[Text] Rome, August 5 (XINHUA) -- Outlining his new government program, Italian Prime Minister Bettino Craxi today told the Senate that political and economic stability is essential for effective government performances both at home and abroad. Craxi, who returned as prime minister Friday, 35 days after his first administration resigned, said he is optimistic about Italy's economy, which has recorded a 3 percent gross domestic product increase in the first five months this year, a zero price index since last July and a 0.5 percent monthly decrease rate of inflation since January.

He said his new government will take measures to hold the deficit to within 100,000 billion lire (70 billion U.S. dollars), to stimulate public investments, to provide more jobs for unemployed young people and women, and to fight against drug abuse, crimes and terrorism.

Concerning foreign policy, Craxi said Italy continues to believe that transition from the European Economic Community to European union is the only way for West European countries to grow.

He said Italy will continue to contribute to easing world tension and to building more stable international relations. It will carry out its NATO duties as long as the organization remains primarily a military alliance, he added.

The prime minister said a series of recent proposals put forward by the Soviet Union shows that the Soviets are willing to make serious and credible efforts in establishing a more reliable peace.

Craxi also promised to strengthen ties with the two major Asian countries -- Japan and China -- saying they have important roles in maintaining peace, progress and stability.

Although it looks bleak, he hopes there can be a settlement of the Mideast crisis through negotiations. A fair and prmanent peace in the area, he declared, should be founded on the security of every country in the region and the respect of Palestine people's rights.

GDR PRESIDENT 'LIKELY' TO VISIT IN OCTOBER

HK060812 Hong Kong AFP in English 0757 GMT 6 Aug 86

[By Pierre-Antoine Donnet]

[Text] Beijing, Aug 6 (AFP) — East German President Erich Honecker is likely to pay an official visit to China in October, Western diplomats here said Wednesday. The East German Embassy here would neither confirm nor deny this and the Chinese Foreign Ministry has yet to comment, but informed East European sources said Mr Honecker was almost certain to visit China before the end of 1986.

So far Romania is the only East European country to have sent its head to state to China since the Sino-Soviet rift a quarter of a century ago.

Beijing remains cautious about better relations with Moscow, but has made no secret of its wish for improved ties with East European countries, with which it says it has no political or strategic dispute, Western diplomats say.

However, the Soviet Union is the final arbiter of improved relations between its East European satellites and China, analysts said, and news of Mr Honecker's likely visit follows Soviet overtures to China by Soviet leader Mikhail Gorbachev.

In a speech in the eastern Soviet city of Vladivostok last week Mr Gorbachev offered to reduce Soviet military strength in Afghanistan and along the Sino-Soviet border -- which China says is amongst the obstacles to better relations between Beijing and Moscow.

"If this visit comes off, it will be a significant signal from the Soviet Union to China," said one Western diplomat. "There's no question of Moscow not having given the visit the green light. The visit will allow the satellites to continue the improvement of their relations with China," the diplomat said.

Western diplomats said China and East Germany had been discussing Mr Honecker's visit since last year, and that a recent trip here by his wife, East German Culture Minister Margot Honecker, indicated the visit would indeed take place. They said Mr Honecker, who is also General Secretary of the East German Communist Party, would visit Beijing in the capacity as president. Berlin and Beijing are on the point of deciding details of Mr Honecker's visit, and it is "very probable" that it will take place in the second half of October they said.

In the past three years there have been more and more visits to China by East European dignitaries, notably by Horst Sindermann, president of the East German Parliament, and East German Vice-Premiers Gerhard Schuerer and Rudolf Schultze.

During their visits Chinese President Li Xiannian and Chinese Communist Party General Secretary Hu Yaobang indicated that Beijing was ready to re-establish links between the Chinese and East European Communist Parties.

The Romanian Communist Party was the only East European party not to follow the Soviet Communist Party's lead in severing ties [with] its Chinese counterpart when Beijing and Moscow fell out in the early 1960's because of idelogical and strategic differences.

DENG XIAOPING ON SEPARATION OF PARTY, GOVERNMENT

OW050913 Shanghai JIEFANG RIBAO in Chinese 1 Aug 86 p 1

[Text] According to ZUZHI RENSHI XINXI BAO [4809 4930 0086 0057 0207 1873 1032 ORGANIZATION PERSONNEL INFORMATION NEWS], Comrade Deng Xiaoping recently talked about the separation of party and government functions. He said: Separation of party and government functions should begin with the central authorities. The party must not interfere too much. This does not mean our party's leadership will be weakened since we uphold party leadership. The question is whether we are good at leadership or not. Interfering too much might weaken party leadership. He also said: Whether all our reforms can eventually succeed or not will, after all, be determined by the reform of the political structure. Reform of the political structure and reform of the economic structure should be interdependent and coordinated with each other. Our economic structural reform will fail if we do not reform our political structure because we will first of all face the personnel barrier.

WAN LI URGES NO 'BACKSLIDING' IN REFORMS

OW051516 Beijing XINHUA in English 1450 GMT 5 Aug 86

[Text] Beijing, August 5 (XINHUA) — The ongoing reforms should be continued with no backsliding, said Vice-Premier Wan Li.

He made this remark on Monday in a discussion with government officials of the Beijing Municipality, some urban districts and suburban counties.

"I hope you will sum up your experience and push the reform forward," he told the officials.

He reaffirmed his support for the leasing system now practised in some of the city's service trades as he was told that the employees' working enthusiasm has been raised and service has been improved as a result. Professional ethics, he said, is most important for commerce and service trades. The vice-premier also listened to reports on the capital iron and steel company and the city's Tianqiao department store.

He pointed out that the reform should proceed from reality and said he hoped the officials would often report their experiences and make suggestions, which will be helpful to the central government in making decisions. The vice-premier has recently inspected a western district and a few rural counties, where he discussed urban construction and rural development with local officials.

FEI XIAOTONG VIEWS POLITICAL STRUCTURAL REFORM

HK060708 Beijing GUANGMING RIBAO in Chinese 30 Jul 86 pp 1, 4

[Feature by GUANGMING RIBAO special reporter Li Shuxi: "Professor Fei Xiaotong Talks About Reform of China's Political Structure"]

[Text] Since returning from his European visit as a member of General Secretary Hu Yaobang's entourage, Professor Fei Xiaotong, vice chairman of the CPPCC National Committee, has quickened his work pace. When this reporter entered his study on Sunday afternoon, the 70-odd-year-old professor was bending over his desk writing. His broad forehead was oozing sweat.

"Don't you take a rest?" this reporter asked Mr Fei.

"How can I take a rest?" he laughed heartily. "There is a lot of work to do and I am also behind with my writing commitments ..."

"You also have to study and ponder over the reform of the political structure," this reporter chipped in. "Yes, this is a very important question, which should be placed on our agenda."

Mr Fei said: When reform of the economic structure was discussed at the NPC and CPPCC meeting in March and April this year, many deputies or members discussed the relationships between reform of the economic structure and that of the political structure, as well as the cultural development strategy. It should be said that politics and the economy are so closely related that they are inseparable. Economic reform calls for reform of the political structure and, without an all-inclusive political, economic, and cultural reform, the progress of reform of the economic structure will meet with difficulties. Like the economic structure, our existing political structure is chiefly copied from the Soviet pattern, plus China's old tradition and some special features. This structure has played its proper role in the past but it is obviously not in keeping with the current situation. For this reason, Deng Xiaoping and the other leading comrades of the CPC said that it is necessary to study the question of reforming the political structure, which is quite timely and shows great foresight.

Question: This is a big topic. To be specific, how should we set about the reform of the political structure?

Answer: First, it is necessary to streamline the administrative structure. We now have an unwieldy, duplicated, inflexible, and inefficient administrative organ. It has too many levels, excessively minute division of labor, and redundant personnel. The starting point of setting up so many institutions is not to suit the needs of the work but to find places for people. It smacks of "building temples for deities." One reason is that our industrial economy [chan pin jing ji 3934 0756 4842 3444] is so underdeveloped that there is no better way out than becoming officials. Moreover, our enterprises are predominantly state-run enterprises covered by state plans, employing a large number of administrative personnel having official positions. The result is unwieldy and overstaffed administrative organs, the practice of "everybody eating from the same big pot," and low efficiency.

Question: We have consistently stressed simpler administration over the years. This shows that we have realized the defects of bloated organizations and have a sincere desire to reduce staff and to streamline the administrative structure. However, after working hard for many years, we have achieved very few results. What should we do in order to solve this problem?

Answer: First, we should develop production by loosening the strings that tie up production so that administrative personnel can go to the production field to disply their abilities. In this way, they can have a bright future. I would like to stress here that we have been enlighted a good deal from the development of township enterprises. The township enterprises have broad prospects for development; they can provide employment for many feasible way of dispersing competent personnel.

Second, there are a number of people in our organizations who are being both in ideas and in years. To speak unkindly, they are people who are accustomed to becoming officials and who do not have real ability and training. It is necessary to adopt a peaceful but decisive measure to get them out of the administrative organs.

There are now quite a few people who hold official positions in certain institutions but who are actually fed by the state. Since they are fed by he state, it might be better if we simply remove them from the institutions so that they no longer participate in the activities of the institutions. Naturally, we do not mean that these people have made mistakes. The principal problem is the defects of our institutions. It is necessary to make good arrangements for the livelihood of these people. In so doing we can streamline the administrtive structure and improve efficiency. In short, in dealing with the problem of streamlining the administrative structure, we should make a firm resolution, deeming it imperative to do so; and we should open up realistic and feasible channels. It is then possible to solve the problem.

Mr Fei added: The second important aspect is to realize socialist democracy. We have adovated the slogan of democracy for many years and the clause on democracy has been explicitly laid down in our country's Constitution. However, due to "leftist" interference, we have not been able to genuinely realize democracy. For example, personality cults are antidemocratic. Why is it that some cadres abuse power, are reluctant to part with it, and refuse to step down? An important reason is also the lack of democratic supervision. Naturally, the democracy we refer to is socialist democracy. It is not something about election contests and voting. We should pay attention to the essence, that is, we should respect popular will, follow the mass line, genuinely listen to the voice of the masses, and not lay all sorts of obstacles. It is particularly necessary to let people air differing views. Of course, in airing views we should have a particular track. However, we should in no way raise the views, which have been aired in keeping with the track, to the high plane of principle and regard them as unorthodox opinions violating the four basic principles. We have experienced profound lessons in this respect. Due to the lack of democratic atmosphere and the limited channels through which criticisms and suggestions may be communicated to the leadership, many people are unwilling to speak up or make criticisms. As a result, many good ideas have not been put forward; some have been put forward without producing any results. They have even caused a little trouble to the speakers. Now, we should create a genuinely democratic atmosphere, a relaxed and lively atmosphere in which people can speak out freely.

Question: On the question of democracy, there has been a very wide gap between theory and practice over the years. Is it because our country has a poor foundation in democracy? Will you make some analyses on this in terms of history?

Answer: In the modern revolution, China has followed the path of encircling the cities from the rural areas and has chiefly relied on the peasants as the main body in socring victories. We did not undergo the stage of bourgeois democracy. There is also a gap between the peasants and the working class. The feudal influence and the peasant mentality has obstructed the practice of democracy. Looking back on the past, we can see that many of our errors and mistakes originated from the peasant mentality. The peasants constitute the greatest majority of our population. Therefore, turning the peasants into workers (this change is not only in name but also in idea and concept) is still a major, long-term task.

Question: Please discuss the methods of changing peasants into workers.

Answer: I have a conviction that it is absolutely necessary to move industry to the rural areas. That is to say, it is necessary to move industry to the rural areas and to integrate it with the peasants. This is a genuine reform for enhancing the quality of the citizens and their concepts. In the 1980's China's township enterprises have developed considerably. They have so far absorbed some 60 million peasants. I have been to the rural areas several times. The workers in these township enterprises are confident and unafraid and have many new concepts. If this momentum of development should continue, 300 to 400 million peasants in China will have become workers in township enterprises by the year 2000. This will be a marvelous change and herein lies our genuine hope. Now, failing to support township enterprises sufficiently, some local authorities find fault with, despise, or restrict the enterprises. They do not know that turning the peasants into workers is precisely a fundamental way out for our country and is the foundation of state administration. It is of great significance to the reform of China's economic and political structures and to the transformation of our citizens' quality.

Question: As a responsible person of the China Democratic League and the CPPCC's National Committee, what do you think of the role of democratic parties in the reform of the political structure and the building of socialist democracy?

Answer: As an outcome of historical process, the united front under the leadership of the CPC has played a very important role. Under the new situation, it is even more necessary to bring into full play the role of the democratic parties and people from all walks of life in airing views. As I see it, in political reform the relationship between party and nonparty persons and between the party and the masses must be greatly changed. Naturally, the initiative and the leading role must be in the hands of the CPC.

Question: Recently you accompanied Comrade Hu Yaobang on a visit to Europe. What do you think of this practice? Can the fact that a responsible person of a democratic party has accompanied the general secretary of the CPC on a visit abroad be regarded as a signal of the reform of the political structure?

Answer: It was Comrade Hu Yaobang who asked me to go with him. This is the first time since the founding of the PRC that a responsible person of a democratic party has accompanied a responsible person of the CPC on a visit abroad. During the visit we were on very friendly terms and there were no feelings of estrangement between party and nonparty people. I have peace of mind and am full of confidence. An English friend asked me whether the democratic parties are China's opposition parties. I said no. Our democratic parties work together for a common objective under the leadership of the CPC. Therefore, we are not in the least going too far if we regard this visit as a signal or beginning of the reform of China's economic structure.

SHANGHAI PAPER DISCUSSES POLITICAL REFORM

HK060712 Shanghai SHIJIE JINGJI DAOBAO in Chinese 21 Jul 86 p 11

[Article by Wang Huning: "Heading for an Efficient and Democratic Political Structure" -- first paragraph published in italics]

[Text] The requirement of the current reform of China's political structure stems from the rapid social, economic, and cultural development. It is also the necessary guarantee for further developing social economy and culture. [paragraph continues]

It implies the following: First, the reform of the government system, namely administrative reform, which pursues high efficiency; and second, the reform of the system of political power, namely, political reform, which requires democratization. These requirements, which are interrelated with the progress of China's economic reform and the quality of social politics and culture, can only be fulfilled in order of importance and urgency. If we go beyond this basic point, it will be impossible to achieve remarkable successes in the reform of the political structure.

The high tide of 'China's economic reform is now surging over the structures and functions of the non-economic social systems. The reform and building of the political structure are now put on the agenda and have attracted the attention of the theoretical circles. In a society which is going all out toward modernization, what are the targets of the reform of the political structure?

Before making an analysis of this issue, we should first affirm the following fact: The reform of the political structure is now being carried out in meny countries and has become characteristic of the time. The economic, technological, social, and cultural fields have developed by leaps and bounds in the 20th century. Demands for political reform are being raised everywhere. Let us take stock of the world situation: After its victory in the elections, the French Socialist Party enacted the plan of delegating power so as to reform the long-standing political structure characterized by centralization of authority. In February this year, the 27th CPSU Congress officially raised the slogan of "further enhancing social democracy" and brought political reform into line with the general plan of overall reform. In 1985, Hungary enacted a new election law and elected members of the national assembly and parliaments with the candidates exceeding the number of seats so as to extend democracy of the political structure. As the mammoth democretic movement has shaken the political structure of South Korea, the authorities, have had to make certain concesssions. The military regimes in Latin America also handed state power back to the people. Many countries are carrying out political reforms to a greater or lesser degree to adapt themselves to the social and economic life which is developing with each passing day. The achievements of the study of modern political science indicate that a certain political structure should be suited to the historical, social, cultural conditions of a certain society. It takes shpae and develops amid the ecological conditions characterized by dynamic equilibrium and energy exchange. A certain political structure interrelates with the specific historical, social, and cultural conditions with a certain period. However, the course of history will change the historical, social, and cultural conditions. Consequently, the political structure should also make corresponding changes. The rapid, extensive, and profound changes of the histroical, social, and cultural conditions of human society in the 20th century have been rare in history. Thus, the common task confronting humanity in the 20th century is to build and reform the social and political superstructure and to go with the tide of historical development.

The development of China's contemporary history has added a brilliant chapter to the annals of the world. Like other countries, China's political structure should also seek dynamic equilibrium with its current historical, social, and cultural conditions, namely the relations of adaptability. What are the forces that have pushed political reform to the forefront of China's structural reform?

They are the following profound changes that have taken place recently in China: First, the growing rural and urban economies and the market mechanism which is gradually taking shape have brought fourth a flourishing social life and unprecedented multi-lateral social relations. Second, the unprecedented reform of the economic structure carried out in China has laid down the new period for the social development of contemporary China. Third, reform and opening up have called forth the people's initiave and creativity. The rich and varied cultural wealth created by humanity has been valued and applied in the building of the four modernizations and evolutionary changes have taken place in traditional culture. The relations between the above three factors, particularly the force of economic development, have transformed the structure of historical, social, and cultural conditions of the Chinese society. Thus, the political structure suited to the historical, social, and cultural conditions before the change should be reformed. Otherwise, it will hinder the further development of history, economy, and culture of the Chinese society. The reform of the political structure does not originate from the people's subjective will. It is an objective demand, instead.

It can be confirmed that the requirement of the current reform of China's political structure stems from the rapid social economic and cultural development and that it is the necessary guarantee for further developing social economy and culture. The political structure in the world today tends to combine economic functions with political functions. Because of the ownership system, such a combination is particularly prominent in the socialist countries. Thus, we can draw the following conclusion: In the socialist countries, each step forward in the economic activities and economic strength will directly call for reform of the political structure. In fact, with the elimination of the rigid pattern of the old economic structure, tremendous changes have taken place in the structure and functions of China's political system: The separation of party leadership from government administration and government administration from enterprise management, simplification of administrative procedures and delegation of power, delegation of power to lower levels, extension of enterprise decision-making power, the four requirements for cadres, and a series of reform measures constitute the vibrant notes in contemporary China's reform symphony. Today, we have explicitly put forward the task of studying the reform of the political structure. Under the environment of the reform of the economic structure and in light of the specific historical, social, and cultural conditions that have taken shape recently in China, we should make a study and probe the general trend and plan of the reform of the political structure.

The combination of the economic functions and political functions of the current political structure has determined the following implications of the reform of China's political structure: First, the reform of the government structure, namely, administrative reform; and second, the reform of the system of political power, namely, political reform. The two factors are interrelative and causal. However, they also have their different features. The dual nature of reform of the political structure determines the dual nature of the targets of China's political reform: First, the high efficiency of the political strucure, that is, enhancing and perfecting the efficiency and capacity of the government organs by means of the reform of the political structrure so that they can become a mighty force pushing forward China's modernization program and reform. [paragraph continues]

Second, the democratization of the political structure, that is, enhancing and extending socialist democracy by means of the reform of the political structure so that the people's will and demands are exressed in the political policy decisions and that the implementation of the line and principles of reform and opening up is ensured. These are two aspects of a target which supplement each other. The realization of each aspect depends on the development of the other. Nevertheless, they are not totally identical. Under given conditions, the differences between them are apparent and they play a different role in social life.

The reform of China's economic structure has first called for the reform of the government structure. The defects of the government structure such as overcentralization of power, overstaffed organizations, bureaucracy, and overlapping organs have become obstacles to the deepgoing development of the reform of the economic structure and weakened the efficiency of the government structure. In order to attain high efficiency, the main direction of the reform of the government structure should be: First, the relations of government power. As the reform of the economic structure is breaking through the old government structure, the jurisdiction of the central government organs, the lateral relations of power between the central government organs, the relations of power between the central and local governments, the lateral relations of power between the local governments, and the relations between government organs and enterprises should all be readjusted. Otherwise, it will be difficult to ultimately eliminate the rigid economic structure. Second, the ranks of cadres. An efficient government administration needs a modernized contingent of cadres and the fine quality of the ranks of cadres depends on a perfect cadre system, which includes training, selecting, recruiting, using, assessing, promoting, and exercising supervision over cadres. At present, the reform of the cadre system is an extremely important link of the reform of the government structure. Third, the establishment of government organs. In order to suit the needs of the transformed economic relations and relations of administrative power, it is necessary to appropriately readjust the establishment of government organs and reorganize the overlapping and incompetent organs. Whether a government organ is reasonably established has a direct bearing on the function of the government structure. Fourth, the process of a government. The government structure has the characteristics of both a static and a dynamic state. Its dynamic state is expressed in the process of government activities. The reform of the government process includes administrative methods, means, procedures, and ideas. Although a government structure should not be confined to the above four major aspects, they are the top priority tasks in the current reform of China's political structure.

The reform of the system of political power and the reform of the government structure complement each other. They constitute the reform of the political structure on the whole. The reform of the system of political power is also the inevitable demand of China's social economic and cultural development. A highly efficient government structure is required to promote economic development and a democratic system of political power is required to ensure the development of the economy and ensure that the activities of the political structure will accord with the people's will. Viewed from the democratization of the system of political power, the orientation of the reform should be: First, the relations between the party and government. A scientific system should be established to ensure effective party leadership over the entire society and division of work between party and government so that there is a distinction between state and party affairs. In China, the resolution of the functional relations between the party and state is the premise of the establishment of a political structure with Chinese characteristics and the premise of democratization of the political life. [paragraph continues]

Second, the system of the people congress. The system of the people's congress is the basis of the system of China's political power. How to give full play to the role of the system of the people's congress, how to perform the functions of the people's congress as the organs of state power, and how should the people's congresses at various levels effectively carry out work are the keys to political democracy. The reform in this field is particularly important. So long as the functions of the system of the people's congress are perfect, it will be able to merge the people's will with the political structure and fully embody socialist democracy. Third, mass autonomy at the grassroots levels. Mass autonomy at the grassroots levels is a major characteristic of China's social life, which is seldom to be seen elsewhere in the world. Although the neighborhood and village committees are not the internal factors of the political structure in form, if their role is fully exploited, the corresponding grassroots organizations of mass autonomy are established in various fields, and an organic link is maintained between themselves and the political structure, they will become the solid foundation of China's socialist democracy. Fourth, political process. Political process also refers to the static state of the system of political power. Political process covers much ground. The main orientation of the reform in this field is to establish an open political process which is the basic feature of the contemporarily democratic political process. An open political process actually means that the political structure can, through a certain channel and mechanism absorb and contain the will and aspiration of various strata and fields, eventually arriving at the comprehensiveness of the best results. Naturally, the above four factors constitute only a part rather than the whole of the reform of the system of political power. An essential purpose of the reform of the system of political power or the hallmark of socialist democracy lies in "transparency" of the political process. A political structure with a high degree of democracy should be highly "transparent." In other words, the people should take part in administration and exercising supervision. In addition, we should develop democratic administration and socialist freedom and equality.

After the targets are set, we must also have a series of scientific steps and specific plans to attain the targets. The reform of the political structure is a complicated project. The reform of the government strucutre and the reform of the system of political power should also be carried out in order of importance and urgency. The historical, social, and cultural changes brought forth by the mammoth reform have first claled for the reform of the government structure. With the further development of the economy and the reform of the government structure, the reform of the system of political power will inevitably become an indispensible link in China's reform project as a whole. A highly efficient and democratic political structure is closely related to the historical, social, and cultural conditions of a certain society. If we go beyond this basic point, it will be impossible to achieve remarkable successes in the reform of the political structure. From a long-term point of view, the building and development of the political structure are closely linked with the politics and culture of a certain society. Strengthening political and cultural building and transformation is an indirect as well as an extremely important work to realize a highly efficient and democratic political structure.

The reform of the political structure is the inevitable demand of the reform of China's economic structure. It is an important factor in China's move toward modernization and also the major premise for China's revitalization and for China to gain a foothold among the advanced nations.

OVERSEAS RENMIN RIBAO ON ECONOMIC REFORM

OW051138 Beijing XINHUA in English 0700 GMT 5 Aug 86

[Text] Beijing, August 5 (XINHUA) -- The on-going economic reforms are changing some of the conventional ideas of the Chinese people, according to the "PEOPLE'S DAILY" (OVERSEAS EDITION).

Quoting a article from the "CHONGQING DAILY", it says that people are beginning to pay attention to creating wealth through commodity production. In constrast, the majority of the Chinese people used to regard land and labor as the only source of property.

People now pay more attention to mental work using science and technology to boost production instead of achieving economic results only with strength and political movements.

The new concepts of "getting rich by hard work", "pursuing common prosperity through working" and "the purpose of production is for consumption while consumption can boost production" are being accepted. Many people have quickened their tempo of life during the current economic reform and seek time to get market information to make better products.

In the past, individual interests were often ignored. At present, people are trying to link their personal interests with the development of social production by coordinating the interests of their own, their collectives and the state.

MAO ZEDONG THOUGHT EXPONENT HONORED ON STAMPS

OW060726 Beijing XINHUA in English 0653 GMT 6 Aug 86

[Text] Beijing, August 6 (XINHUA) -- A set of two stamps will be issued August 15 to mark the 80th birthday of Wang Jiaxiang (1906-74), the first exponent of Mao Zedong Thought.

Wang Jiaxiang, who joined the Communist Party of China in 1928, was a leader of the Chinese Communist Party for a period after 1938. In 1943, he wrote a political essay entitled "The Chinese Communist Party and the Emancipation of the Chinese Nation", in which he proposed the "Mao Zedong Thought" idea. After 1949, he was once member of the Secretariat of the Party Central Committee and vice-foreign minister.

The new stamps have a face value of eight fen and 20 fen, respectively.

RENMIN RIBAO ON MODERNIZATION OF PLA NAVY

HK051140 Beijing RENMIN RIBAO in Chinese 28 Jul 86 p 4

["Featuring" by XINHUA reporter Huang Caihong and XINHUA correspondents Wu Longhua and Sun Hongjin, exclusive to RENMIN RIBAO: "The Sea Dragon Soars -- Notes on the Modernization of the People's Navy"]

[Excerpts] [passage omitted] At a naval port, we arrived at the dock where guided missile destroyer clusters berthed. We saw dozens of submarines armed with guided missiles and large-sized oil and water supply ships strung out in a long line along the 1,000-meter-long dock. They looked just like a great steel wall on the sea. They belonged to the first guided missile destroyer unit of the People's Navy.

When the unit was formed in the mid-1950's, it had only two foreign-made old-type torpedo-boats. Today more and more new-type guided missile destroyers domesticaly designed and manufactured have entered the unit's combat series. [passage omitted]

We happily learned that many captains of the guided missile destroyers, guided missile escort vessels, and submarines armed with guided missiles were young people at their twenties or thirties. Two or 3 years ago, they were still "fair-complexioned young scholars" in universities but now they have become outstanding warship officers. Under various complex sea conditions, whether in coastal waters or in the open sea, they are capable of making accurate judgements on the movements in the air over the sea, on the sea surface, and under the sea and directing the warships in patrolling our territorial waters. [passage omitted]

In June, the sea and ocean waves are raging under a scorching sun and the flight training of the People's Navy airmen is all the more in the full swing. At a sea landing site we watched a demonstration flight by new-type seaplanes made in China and deeply felt that the People's Navy air unit, armed and planes made in China, various functions and with highly effective attacking capability and high mobility had become an important fighting force on the sea. [passage omitted]

RESEARCHER STUDIES NUCLEAR CASUALTIES

OW051009 Beijing Domestic Service in Mandarin 1100 GMT 4 Aug 86

[Text] After 22 years of work, Wang Dewen, deputy director of the Experimental Pathological Department of the Academy of Military Medical Science, has completed six research projects, including the study of casualties from nuclear weapons, thus providing China with scientific information on protective measures to be adopted in event of a surprise nuclear attack.

Prior to China's first nuclear test in 1964, Wang Dewen, after arriving at a nuclear test ground in northwest China, discovered that there was a shortage of fresh water at the test base. Wang Dewen and his comrades in arms did not mind drinking and using saline water, but animals used in the experiments were given fresh water, which had to be hauled over 100 kilometers.

Wang Dewen took part in 17 nuclear tests, during which he dissected 733 of the more than 2,300 experimental animals and studied more than 100,000 slides in his pathological research. He and his comrades in arms were the first to publish in scientific journals at home and abroad the law of burns on particular parts of the body caused by a nuclear explosion and the law of burns on crystalline lens caused by radiation. They thus made important contributions to upgrading national defense modernization.

MEETING HELD ON BUILDING CIVILIZED VILLAGES

OW030510 Beijing XINHUA Domestic Service in Chinese 1303 GMT 1 Aug 86

[By RENMIN RIBAO reporter Xiao Du and XINHUA reporter Jiang Shan]

[Excerpts] Shijiazhuang, 1 Aug (XINHUA) -- How can the construction of civilized villages and towns be intensified in the new situation, when the nation's rural areas have started their second-stage reform?

According to the national conference on the construction of civilized villages and towns -- which closed in Baoding, Hebei, on 31 July -- to build more civilized villages and towns we must, on the basis of promoting rural reform and commodity economic development, persist in simultaneously promoting spiritual and material construction, pay attention to improving the peasants' qualities, and constantly improve and strengthen leadership in the work in this regard so that material and spiritual construction in the rural areas can proceed harmoniously.

During the conference, which was sponsored by the CPC Central Committee Propaganda Department and the CPC Central Committee Secretariat's Rural Policies Research Office [RPRO], RPRO Deputy Director Xie Hua spoke on second-stage reform in the rural areas and intensifying the construction of civilized villages and towns. Xing Chongzhi, secretary of the Hebei Provincial CPC Committee; Song Yingqi, director of the PLA General Political Department Mass Work Department; and representatives from all provinces, autonomous regions, and municipalities under the central government -- as well as major PLA units, People's Armed Police Units, and relevant central organs -- discussed their experiences and problems in building civlized villages and towns with the local people over the past several years. They also visited some model villages and towns in Baoding areas. [passage omitted]

In their discussion, the attendees pointed out that construction of civilized villages and towns has been affected by some problems. For example, some people still do not clearly understand the project's guidling thought. Instead of building civilized villages and towns on the basis of carrying out rural reform and economic construction, they think that "as long as commodity economy has developed, construction of civilized villages and towns will be accomplished naturally." In particular, the organization and ideological situation of many rural party organizations cannot keep up with the development of the situation, some party members and cadres in the rural areas have not acted as vanguards and models, certain outmoded customs and unhealthy phenomena have reappeared in some localities, and the feudal society's superstitious activities have again gained ground. They reported that the situation is quite serious in some areas. [passage omitted]

Discussing how to enhance the construction of civilized villages and towns, the attendees unanimously maintained that it is important to improve the peasants' quality. In this regard Baoding in Hebei provides useful experiences: In recent years, Baoding has strived to improve the peasants' quality on the basis of helping them to become affluent. Through carrying out ideological education among the peasants -- which includes discussion of socialist operations throughout the prefecture -- and helping the poor become affluent with expert advice and examples set by affluent households, Baoding has gradually helped the peasants do away with outmoded thinking and understand some new concepts -- concepts that are essential in the new age, such as those about value, information, expertise, competition, and market, as well as childbearing. [passage omitted]

In his concluding speech at the meeting, Wang Daming, deputy head of the CPC Central Committee Propaganda Department, said: First, county and rural party and government organs must intensify their leadership of the work to build civilized villages and towns. They must understand, without fail, that they should serve the construction of civilized villages and towns and serve grassroots-level units.

Secondly, instead of trying to achieve "arbitrary uniformity," we should continue to uphold the policy of "providing active leadership and enthusiastic support, ensuring steady development, and achieving actual results;" plan earnestly; and provide guidance according to the nature of different situations, so as to achieve gradual development and improvement. Third, we must proceed from actual needs, respect the masses' wishes, and earnestly solve the most pressing problems of their production and living. Fourth, we should encourage army men and workers to work with civilians and peasants to build civilized villages and towns. Fifth, we should give full scope to the functions of all departments and mobilize all social quarters to support construction of civilized villages and towns. Sixth, we should set up an appealing and militant backbone contingent for building civilized villages and towns. Seventh, we should intensify theoretical study on the construction of civilized villages and towns and constantly sum up our experiences in the course of doing actual work, so that our work in building civilized villages and towns can be steadily improved.

TIAN JIYUN ADDRESSES NATIONAL FINANCIAL MEETING

OW051444 Beijing XINHUA in English 1436 GMT 5 Aug 86

[Text] Beijing, August 5 (XINHUA) -- China will strive to achieve a "balance between revenue and expenditure" this year by mainly cutting down on expenditure, according to Vice-Premier Tian Jiyun.

"To do this, we must also try to expand production and open new revenue channels," Tian told a national financial conference here Sunday. His remarks were released today. Tian is also a member of the Political Bureau of the Chinese Communist Party Central Committee.

He predicted that China will reap a good harvest of autumn grain -- mainly rice -- this year if no serious disasters hit large areas. "We must always pay close attention to grain production," he noted.

The country's industrial output value is expected to rise 5.5 percent in the first seven months of this year from the same period in 1985. "On the whole, industrial growth is normal and is keeping an appropriate growth rate," he said. Moreover, the market countrywide is now brisk, while prices remain much the same as in the second half of last year.

"The reform of China's economic structure is progressing well," he said, adding that "lateral economic cooperation" among enterprises encouraged by the government is expanding.

The State Council, China's highest governing body, is making extensive investigations into concrete steps for the reform over the next two years. The guideline is to draw up a comprehensive plan, relate reforms to one another and carry them out in stages, he told the conference.

He also called for the reform of China's political system to promote the ongoing economic reform. "We'll draw up a reform plan after investigations and soliciting opinions from all sources," he said.

"The reform of political system by no way means negating our country's socialist system," he stressed, noting that the reform of what does not mesh with the economic basis in the present political system will serve as "self-perfection and strengthening" of the socialist political system.

"The political reform will be carried out under unified leadership, and in a planned and step-by-step manner," he said in conclusion.

PEASANTS EARN MORE FROM RURAL INDUSTRY, SERVICES

OW051212 Beijing XINHUA in English 1203 GMT 5 Aug 86

[Text] Beijing, August 5 (XINHUA) — Chinese peasants have achieved big increases in their incomes from non-agricultural sectors in the past two years following the country's restructuring of its rural economy. According to the State Statistics Bureau, the income from the rural industry, construction, transport, commerce and service trades last year accounted for 44.3 percent increase over the previous year. In economically-developed East China, the total output value of rural industry and service trades surpassed that of agriculture. This has shown a historical change in the structure of the rural income in China, which has been an agricultural country for several thousand years. The average per capita income of the Chinese peasants was 397 yuan last year.

In the past year, the Chinese government has encouraged development of rural industry and service trades in an effort to modernize its agriculture and develop commodity production. The Chinese peasants have also benefited from the development of forestry, animal husbandry, side-line production and fisheries. The total income they generated last year accounted for 35 percent of the total agricultural income, as against 20 percent in 1980. It is learnt that the total income from rural enterprises run by townships and villages throughout the country last year makes up 30.5 percent of the total rural income. Last year, the average income from rural industry and service trades increased by 34.6 percent. However, that from agriculture registered only a 5.4 percent increase.

BAOSHAN IRON, STEEL WORKS COMPLETES TRIAL PERIOD

OW011708 Beijing XINHUA in English 1353 GMT 1 Aug 86

[Text] Shanghai, August 1 (XINHUA) — Boashan Iron and Steel Works in Shanghai Began, as of today, producing, according to mandatory quotas from the state, indicating the ending of its one-year trial operation, a spokesman for the works announced. Since July 31, 1985, the works has produced 1.97 million tons of iron, 1.66 million tons of steel ingots and 1.36 million tons of billets — more than expected, the spokesman said, adding that the daily output of the major equipment approached the designed standards during the one-year trial operation. Construction of the work began in 1978. The one billion yuan first phase construction included a blast furance 4,000 cubic meters in volume, a bloom plant with two mills and a converter, the furnance and converter being the largest in China.

STATE COUNCIL MINISTRIES TIGHTEN EXPENSES

OW051345 Beijing XINHUA Domestic Service in Chinese 0652 GMT 5 Aug 86

[By reporter Yang Like]

[Excerpts] Beijing, 5 Aug (XINHUA) -- Ministries under the State Council have taken the lead in following the central authorities' instructions on tightening administrative expenses and have made some progress this year.

In the first half of the year, their actual administrative expenditures accounted for 44.8 percent of the annual budget, a decrease of 2.43 percent as compared with the same period last year. [passage omitted]

The problem now is that the efforts made by the ministries under the State Council to cut administrative expenses in the first half of the year were not very balanced. There were 26 ministries whose actual administrative expenses accounted for less than 50 percent of the annual budget. However, a few ministries still exceeded this percentage.

Some time ago, the State Council reiterated the need to cut down on administrative expenses. A responsible person of the department concerned of the State Council pointed out: As a rule, there will be factors affecting an increase in administrative expenses in the second half of the year. Therefore, all ministries should follow the State Council's instructions and not take them lightly. Leading comrades at all departments should pay extraordinary attention to strictly controlling administrative expenditures, take steps to eliminate waste, and strive to score better results.

NEW CHANNEL FOR COOPERATION WITH FOREIGN FIRMS

OW041416 Beijing XINHUA in English 1341 GMT 4 Aug 86

[Text] Beijing, August 4 (XINHUA) — China's small and medium-sized enterprises have a new channel for carrying out cooperation with foreign firms, the Overseas Edition of PEOPLE'S DAILY reported today.

The Coordination Center for External Cooperation of Chinese Small and Medium-sized Enterprises, which was founded in Beijing earlier this year, has set up business relations with foreign enterprises from more than 20 countries through their representative offices and embassies in Beijing, the paper said.

The center serves as a bridge between the Chinese and foreign enterprises, said director Wu Qian.

As its name implies, it coordinates nationwide cooperation with foreign companies under the instructions of the State Economic Commission. It helps resolve difficulties and disputes arising in the course of cooperation, and it provides timely information needed by both sides, Wu said.

As an example, the center has succeeded in developing cooperation between a state of Federal Germany and enterprises in Suzhou, Wuxi and Changzhou -- in Jiangsu Province -- after a business trip to the European country.

The center has also helped other enterprises in Anhui, Shaanxi, Shanxi, Sichuan and Beijing find overseas partners the paper said.

OVERSEAS RENMIN RIBAO ON RENEWED TAX BREAKS

OW281102 Beijing XINHUA in English 0744 GMT 28 Jul 86

[Text] Beijing, July 28 (XINHUA) — The Chinese Government has decided to renew its income tax break on foreign firms' leasing and interest income earned in China. The reduction will continue through December 1990, according to a report today in the Overseas Edition of the "PEOPLE'S DAILY."

The paper quoted an official of the Finance Ministry as saying that renewal of the tax break -- retroactive to January 1 of this year -- is "one of the liberal measures" adopted by the Chinese Government to encourage foreign investment.

The original regulations issued by the Finance Ministry took effect on January 1, 1983, and applied to interest on loans, advances and deferred payments involved in contracts signed between 1983 and 1985.

The tax provisions also applied to earnings from leasing by foreign firms of equipment to Chinese companies after prices of such equipment were deducted.

"The provisions have, over the past three years, promoted Sino-foreign economic cooperation," the official said.

30 KILLED BY FLOODING IN NORTHEAST PROVINCES

HK060431 Beijing CHINA DAILY in English 6 Aug 86 p 1

[By staff reporter Wu Jingshu]

[Text] Floods caused by torrential downpours have killed 30 people, inundated 1,530 villages in 10 cities and washed away crop from nearly 80,000 hectares of farmland in Northeast China's Liaoning Province, CHINA DAILY was told yesterday.

More than 250,000 hectares of farmland and tens of thousands of houses were under water as continuous rains washed away more than 350 river dikes and destroyed 86 bridges along the Aihe and Taizhi river in eastern Liaoning and the Liaohe River in northern Liaoning in the past week.

Crop losses are estimated at more than 800,000 tons of grain, according to Sun Yupeng, a provincial official.

Sun told CHINA DAILY in a telephone interview that flooding along the Liaohe, the province's largest river, is expected to surpass last year's levels. The flood crest yesterday had already exceeded last year's record 2,050 cubic metres per second to reach 2,300 cubic metres per second.

"However, flood damage is not expected to equal last year's disaster because we are better prepared for emergency and have reinforced river embankments," Sun said.

Last year's flooding was caused by the typhoons coming from the south. Floods this year brought on by continuous heavy rainstorms which have hit both northern and eastern Liaoning since mid-July.

More than 200 millimetres of rain were registerd in Changtu in northern Liaoning, and in Xinbing and Kuandian in eastern Liaoning with 24 hours.

Water cresting at 8,000 cubic metres per second caused the Aihe River near the China-Korean border to swell and flooded part of the Shenyang-Dandong and Fengcheng-Shanghekou railways.

Precipitation in Liaoning Province last month surpassed the previously July record by as much as 80 percent. More rains are expected this month as another powerful atmospheric low is moving toward Northeast China from the Pacific, according to a recent warning from Central Anti-Flood Headquarters in Beijing.

Liaoning provincial officials have issued an alert to officials at all levels "to mobilize every available means" in an all-out effort to handle the emergency.

Efforts are now being concentrated on buttressing dikes along the Liaohe and Aihe rivers.

Relief workers and equipment are being rushed to stricken areas to rescue the stranded and pump water from villages, Sun said.

Meanwhile, relief operations are continuing in Jilin Province north of Liaoning, where more than 1 million people and soldiers have been mobilized to fight flood waters that have affected nearly 2 milion people and 1 million hectares of farmland since early July.

Last year, two consecutive typhoons swept the three northeast provinces of Liaoning, Jilin and Heilongjiang in late August, causing more than 200 deaths and billions of yuan in property losses.

DENG PUFANG VISITS JILIN PROVINCE 5 AUG

SK060707 Changchun Jilin Provincial Service in Mandarin 0930 GMT 5 Aug 86

[Text] Deng Pufang, director-in-chief of the China Welfare Fund for the Handicapped, arrived in Changchun on the evening of 4 August.

On the morning of 5 August, after listening to the report on the province's social welfare work, he pointed out: We should proceed from the overall situation of being conducive to reform and promoting social stability and unity to carry out the social welfare services; consolidate the achievements in this regard; focus the socialist spiritual civilization on respecting, understanding, and helping the handicapped; and disseminate the deeds of the fine handicapped representatives to arouse the people's enthusiasm for he four modernizations and to promote a further turn for the better in special conduct.

Gao Wen, vice governor of the province, met with Comrade Deng Pufang on the morning of 5 August. In the afternoon, Comrade Deng Pufang visited several welfare projects and talked with handicapped workers.

LI PENG MEETS ADVANCED SPORTS REPRESENTATIVES

OW051217 Beijing XINHUA Domestic Service in Chinese 1541 GMT 4 Aug 86

[By reporter Zhao Changchun]

[Text] Dalian, 4 Aug (XINHUA) — Li Peng, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, this morning received representatives of advanced sports workers from various provinces, municipalities, and autonomous regions attending the Second College Student Games.

Today, he also received representatives of those who were invited to see the games and representatives of athletes of various sports delegations and had pictures taken with them.

Taking part in today's meeting included He Dongchang and Zhou Shiyan, vice ministers in charge of the State Education Commission; Song Defu, first secretary of the CYL Central Committee; He Zhenliang, vice minister in charge of the State Physical Culture and Sports Commission; and concerned leading comrades of Liaoning Province and Dalian City.

NEW WEAPONS ACCELERATE ARMY MODERNIZATION

HK050751 Beijing XINHUA Hong Kong Service in Chinese 0335 GMT 1 Aug 86

[Text] Beijing, 1 Aug (XINHUA) -- In recent years, departments of science, technology, and industry for China's national defense have successfully developed a number of new modern weapons and PLA units have been equipped with these newly-developed weapons in succession. This has accelerated modernization of the army of our country.

In conventional weapons, China has developed a number of new tanks, automatic guns, rocket launchers, anti-tank missiles, warships, interceptors, bombers, attack planes, reconnaissance planes, drones, and extra-light planes as well as some new electronics, telecommunications, engineering, and antichemistry military equipment.

At the same time, China has also made new breakthroughs in research of strategic weapons and astronautic technology.

These achievements of scientific research have greatly strengthened the firepower, assault power, mechanized power, protective power, and quick reaction capability of the Chinese Army.

Over the past few years, China's department of science, technology, and industry for national defense has changed its structure of producing war equipment alone and shifted a large amount of technology and equipment to economic construction. The war industry has established over 400 production lines for civilian products and promoted more than 300 kinds of consumer goods. According to figures, the output value of consumer goods produced by our country's war industry in 1985 increased by 200 percent over 1980.

NAVAL VESSELS TO BE NAMED AFTER RIVERS, CITIES

OW041324 Beijing XINHUA Domestic Service in Chinese 0657 GMT 4 Aug 86

[Text] Beijing, 4 Aug (XINHUA) -- Beginning this year on Army Day, 1 August, the PLA Navy will name its large and medium-sized vessels after Chinese mountains, rivers, and cities, according to JIEFANGJUN BAO.

The PLA Navy began naming its vessels in the 1950's. This practice was discontinued later for various reasons. To facilitate the building of a regular navy and international exchange and to inspire the cadres and soldiers to love the motherland and cherish the sea and vessels, the Navy's leading body has obtained the approval of the General Staff Department to restore the practice of naming naval vessels after Chinese mountains, rivers, and cities.

After the resumption of the practice, a vessel will be officially named and an ensign and certificate will be presented to the named vessel. The vessel will hold a naming ceremony in accordance with the regulations governing naval vessels.

RENMIN RIBAO ON SHANGHAI REFORM DISCUSSION

HK040947 Beijing RENMIN RIBAO in Chinese 28 Jul 86 p 5

["Academic Trends" column by Shang Xuanli: "The Policy of Opening Up to the Outside World and Invigorating the Domestic Economy and Conceptual Reform -- A Briefing on the Symposium of Shanghai Theoreticians on Reform Theories"]

[Text] On 28 and 29 May at the "Symposium on the Theories of Reform Under the Present Conditions" cosponsored by the Propaganda Department of the Shanghai Municipal CPC Committee, the Shanghai Federation of Social Science Associations, and other units, a discussion on the "policy of opening up to the outside world and invigorating the domestic economy and conceptual reform" unfolded among Shanghai theoreticians. The participants in the symposium held that because the economic reform and the implementation of the policy of opening up to the outside world have been giving rise to acute conflicts between new and old concepts in the social life in our country, it is necessary to vigorously break away from outmoded concepts and adopt new ones to keep abreast of the times and to launch the reform and the drive of opening up to the outside world on a full scale. Therefore, one must update and deepen one's understanding of the building of socialist spiritual civilization within the framework of the current reform and the opening up drive.

The participants in the symposium concentrated their discussion on the following questions:

Thoroughly Discarding the Outworn Concept of "Chinese Learning for the Essential Principles and Western Learning for the Practical Applications;" Having a Correct Understanding of the Influx of Foreign Culture

Some comrades hold that the attitude toward the introduction of foreign culture is one of the most controversial issues in the process of China's modernization. In the current reform and the opening up process, foreign capital and technology have been used by China in its modernization program, and some foreign management systems, methods, and experiences have been gradually introduced into the country. However, opinions diverge on whether foreign culture should be imported. This issue is not only related to the appraisal of foreign culture (mainly Western culture) but mainly to the understanding of China's traditional culture. A view that has lulled the Chinese people for many years maintains: "Although China lags behind other countries in the field of material civilization, it has an advanced spiritual civilization." From this view is derived the doctrine of "Chinese learning for the essential principles and Western learning for the practical applications." Some comrades have pointed out: The reason the theory of "Chinese learning for the essential principles and Western learning for the practical applications" is regarded as outmoded is not because it ignores the backward aspects of the traditional Chinese culture in contrast with certain advanced ingredients of Western culture, but because it ignores the changes in the world's development trends and sticks to the pedantic mentality of the "great central state" which prevents the Chinese culture from positioning itself as an equal member among other cultures and from participating in normal dialogue and exchange with the cultures of other nations in the world. The outworn doctrine of "Chinese learning for the essential principles and Western learning for the practical applications" has, in fact, ossified and deified traditional culture and placed cultural tradition before the nation's fate. These comrades sharply point out that a nation is the carrier of a particular culture. [paragraph continues]

As the saying goes: "With the skin gone, what can the hair adhere to?" Therefore, we must evaluate a nation's culture and sort it out in light of the conditions of the nation. Today, as we are striving for socialist modernization, we should especially completely discard the outworn concept of "Chinese learning for the essential principles and Western learning for the practical applications," face reality without concealing shortcomings for fear of criticism, achnowledge the backward ingredients of China's traditional culture, use foreign culture for reference in a scientific way, and thus, develop the Chinese national culture into a dynamic, ever-flourishing, diversified, and open culture ranking among the advanced cultures of the world.

Of course, in handling foreign culture, we must distinguish the essence from the dross. But the appraisal of the essence and the dross is a historical process of practice. There will be no scientific appraisal without a comprehensive understanding of foreign culture.

Some comrades point out: The reason the theory of "Chinese learning for the essential principles and Western learning for the practical applications" is wrong is because it attempts to separate science and technology from the cultural structure as a whole. Both Chinese and foreign histories show that in introducing foreign advanced technology, one must evaluate it against its cultural background and treat it as a part of a complete system; otherwise one cannot do a good job in learning advanced technology, still less bring about modernization.

Establishing a "Group of New Concepts" With Scientific Socialism as its Core

Some comrades hold that as society is a systematic whole, the concepts reflecting social being naturally form a whole, of which different parts are closely linked to each other laterally or vertically. Therefore, the evolution of concepts is not the renewal of individual concepts but the updating of a whole "group of concepts," which calls for the study of the evolution of concepts as a systems engineering projects. We must be aware that all the outworn concepts that hamper the current reform and the implementation of the opening-up policy are mainly products of the long-standing tradition of the feudal natural economy. Although these concepts show up in different forms in various aspects of social life, all of them carry feudal, conservative, unenlightened, and ossified features. Closely linked together laterally or vertically, they form a "group of old concepts" which hampers the further development of the reform and the implementation of the opening-up policy. In order to break away from this "group of old concepts," the most important task for us is to introduce a change in the old social being, to competely reform the old economic structure, to persist in promoting the socialist commodity economy, to establish a new economic structure and improve it, and to gradually build up a "group of new concepts" with scientific socialism as its core. On the basis of all the above efforts. Characterized by an open mentality, enterprising spirit, and originality, this "group of new concepts" also carries an outstanding feature -- it advocates diversified development in various aspects of social life. For example, as far as the understanding of socialism is concerned, the "group of new concepts" replaces the unitary social development mode with a variety of modes and replaces the unitary economic structure with a diversified socialist economic structure which has public ownership as its main body. It would rather tolerate the coexistence of different social systems with the socialist system as the main body (for example, the idea of "one country, two system") than totally rule out all other social systems.

In addition, the "group of new concepts" advocates diversified development with socialism as the mainstay in various aspects of social life such as politics, economics, culture, and art, so as to bring about a relaxed situation imbued with vitality and to ensure that the reform will be carried on, the opening up policy will be implemented smoothly, and the modernization program will develop along the right track.

Setting a Real Standpoint in Our Ideological and Political Work While Engaging in the Reform and Implementing the Opening-up Policy.

On what should our ideological and political work be based as we now engage in the reform and implementing the opening-up policy? When discussing this question, some comrades pointed out: Some specious traditional concepts have been labelled as Marxist views and are being inculcated in te people through the channel of ideological and political work, adversely affecting our efforts to mobilize the people to plunge into the reform. For example, in the progaganda and educational drive on the "two civilizations, " an outworn viewe has been reiterated, stating that "China has a poor material civilization but an advanced spiritual civilization, while the West has an advanced material civiliation but a poor spiritual civilization. This view has in fact negated the urgency and necessity of the building of spiritual civilization. On the other hand, in order to emphasize the importance of the building of spiritual civilization, the seriousness of some issues emerging in the reform and the opening up process has been exaggerated, and thus the reform and the opening up process have been set against the building of spiritual civilization. The view that "the present is inferior to the past" has been voiced, saying that the present spiritual civilization standard is lower than that in he 17 years before the "Cultural Revolution, "so the significance of the building of spiritual civilization has been played down to the utmost. It is evident that the standpoint of those who have voiced the above views is against the reform and the opening up process. Those comrades who criticize the above phenomena point out: Our ideological and political work should absolutely not be separated from the reform and the opening-up process or be set against each other. Ideological and political work should play a positive role in encouraging people to plunge into the reform and to update the old concepts that no longer conform with our socialist modernization scheme. Therefore, ideological and practical work should first of all break away from those specious concepts and set a new standpoint in the course of the reform and the opening up process.

When talking about which type of advanced figures should be set as example, some comrades pointed out: An advanced figure should show the spirit of th times. Every tiem has its advanced figures. In the Yanan period we had Zhang Side, in the period of the liberation war we had Dong Cunrui, and in the 1960's we had Lei Feng. Some aspects of the Spirit of these advanced figures still merit being promoted today. At the same time, however, we should also be aware of the fact that they were subject to the limitations of their times. Today, as we are engaging in the reform and implementing the opening-up policy, we should set those advanced figures representing the spirit of our times as pacemakers.

Updating Our Understanding of the Unity of Economic and Ethical Behavior To Meet the Needs of the Development of the Socialist Commodity Economy.

The participants in the symposium held that many types of economic behavior will undoubtedly conflict with traditional ethical notions in the course of the development of the socialist commodity economy; therefore, it is necessary to update our understanding of the unity of economic and ethical behavior.

Citing the unity of morality and interests as an example, the traditional Chinese notion about morality and interests "regards morality as superior to interests." This can be seen in the fact that in the long course of China's social development, commerce was despised and businessmen were discriminated against and regarded as inferior to all other social strata such as intellectuals, farmers, and workers. One should note that the traditional notion which "regards morality as superior to interests" is to a large extent a hypocritical one. The notion "regarding morality as superior to interests" does not mean to despise "interests" but despises certain means to seek "interests." In other words, in the feudal society, commerce as a means to seek interests was despised, while seeking interests through academic and political channels was regarded as an honor by society. The reason people said that "to be a scholar is to be the top of society" was in fact not because the act was honorable in itself, but because "books contain goldern houses and beauties." Therefore, the traditional notion about morality and interests does not oppose the seeking of interests but the development of the commodity economy. The focus of the dispute between the notion which "regards morality as superior to interests" and that which "regards interests as superior to morality" does not rest on teh purpose of one's act but on the means to achieve the aim. Today, we should break away from the old conventions and bravely and frankly admit that in developing the commodity economy, we are aiming at interests and seeking interests. Meanwhile, the law should be taken as the criterion for "morality" — seeking interests by legal means is in keeping with morality and seeking interests otherwise will be regarded as immoral. This is the notion about the unity of morality and interests for our time.

Let us cite the unity of results and justice as another example. The commodity economy goes counter to the traditional notion of justice because it encourages competition between producers and toleates and expanded gap between the poor and the rich. The traditional notion of justice holds that "inequality rather than insufficiency is the very thing to worry about." Since it seeks an equal distribution of the fruits of labor, it maintains the "equalty between the poor and the rich" and will thus lead to the situation in which people "eat from the same big pot" and "suffer from poverty together." The commodity economy, however, has its own notion about justice, which emphasizes the principle of "equal opportunity." So does the socialist commodity economy, which acknowledges the difference between producers in their natural gifts and the fruits of labor they enjoy, attempts to provide all producers with equal opportunities and external conditions to get rich, an encourages producers to compete with each other on equal footing and to create more wealth for themselves as well as for society. Because of its socialist nature, the socialist commodity economy also takes special care of the weak and offers a second chance to those who lag behind in competition. But no sluggard will be indulged and no backward things will be proected under the socialist commodity economy. There is no doubt that in developing the socialist commodity economy, we should replace the traditional notion about justice with this latter notion about justice so as to secure the unity of results and justice.

Some comrades pointed out: Morality is a part of continuity and, is the product of its time. We cannot convince others by evaluating moral behavior and discussing good and evil in an abstract way, disregarding ther economic and cultural conditions of a specific time. Therefore, in the face of the conflict between ethical and economic behavior arising form the development of the socialist commodity economy, our important task is to update our moral conception, and to make sure that our ethical behavior conforms with the needs of the development of the socialist commodity economy and that the ethical restraints cconform with the legal restraints on economic behavior.

ILLEGAL TRADING OF GRAIN COUPONS PROMPT CONCERN

HK050744 Beijing CHINA DAILY BUSINESS WEEKLY SUPPLEMENT in English 30 Jul 86 p 1

[Special to BUSINESS WEEKLY by Shen Ji]

[Text] The Chinese Government, although concerned about illegal trade in grain coupons, has decided nonetheless to continue their distribution over the next few years.

Describing the issue as one of "great sensitivity," Liu Dongming, director of the Purchase and Marketing Bureau under the Ministry of Commerce, told BUSINESS WEEKLY reform of the grain coupon distribution system is a "must."

"The reform, however, will entail a big operation affecting the economic system as a whole," he said. "Thus, it should be dealt with cautiously."

Grain rationing began in 1955, when the State monopolized the purchase and sale of grain to ensure equitable distribution of inadequate grain supplies.

Yue Yongji, a Commerce Ministry official who has been in charge of grain coupon distribution in the country since 1955, told BUSINESS WEEKLY that the coupons provide every adult in China with 16 kilograms of grain monthly. But with the improvement in people's diet as average incomes increased, only about 11 kilograms of grain is actually being consumed now. As a result, every adult can save as much as 60 kilograms in grain increased, meanwhile, as agricultural productivity increased the State monopoly on grain deals has been relaxed, and grain changed hands on free markets, albeit at higher prices.

At the same time, swarms of rural workers released from farm work began converging on towns to do business or undertake housing constuction. They eagerly searched for grain coupons that will provide them with grain at subsidized prices in State-owned shops.

Prompted by that and other self-interests, illegal dealings in grain coupons have emerged. In some cities, such as Beijing and Shanghai, groups of young men and women are seen exchanging plastic goods thermoses, utensils and other daily necessites with city dwellers for sruplus grain coupons.

Last year PEOPLE'S DAILY, the official newspaper of the Central Committee of the Chinese Communist Party, reported a case in which several grain shop proprietors were prosecuted on charges of illegal buying and selling of grain coupons.

The black market in grain coupons has made them, in effect, a "second currency."

A signed article in ECONOMIC INFORMATION last month urged prompt action by relevant government departments to deal with the illegal trade in grain coupons.

"Since the grain coupon is the outcome of the State monopoly over purchase and marketing, the crux of th problem lies in reform of the system," the article said.

The article said the 32-year-old system is detrimental, not only to the management of grain departments, but also to the steady rise of agricultural production.

The steady increase in grain production since the institution of rural reforms has made the lifting of the system not only necessary but also feasible, the article said.

Several years ago, the government replaced the State monopoly for purchase of grain with a contract order system. That has ensured State purchase of grain while giving farmers new incentives to grow more.

It's time to tackle the lingering State monopoly over marketing, the article said.

Officials of the Ministry of Commerce agree that the existence of two grain prices has fueled the illegal trade in coupons, but they strees that reform of the State monopoly and eventual abolishment of grain coupons is closely linked to grain production.

"The increase of grain production fluctuates," said Liao Shinan, deputy chief of the Food, Grain Shop and Grain Coupon Section of the Ministry of Commerce.

Though grain production shot to a record 407 million tons in 1984, it was unable to sustain that level and dropped to 379 million tons in 1985. Forecasts put this year's harvest about equal with th 1985 level.

Besides adverse weather, some agricultural experts say that some of the present farm policies have discouraged increased production. Government-set crop-prices have dropped in recent years.

Yue said, "If we include grain for livestock feed and for processing into other foodstuffs, present output is far from adequate," he said.

A tendancy to exaggerate grain production figures in the last couple of years has undermined the confidence of policymakers studying the feasibility of the grain coupon lifting.

The Ministry of Commerce recently sent a survey team out to assess actual grain storage volume at the grassroots level.

"Grain rationing will continue for the next eight to 10 years," said Liao Shinan, "By then, we expect grain production to have increased to levels beyond domestic consumption.

CAPITAL CONSTRUCTION EXAMPLE IN DISGUISED FORM

OW021144 Beijing XINHUA Domestic Service in Chinese 0659 GMT 1 Aug 86

[Excerpts] Beijing, 1 Aug (XINHUA) -- A reporter's letter: The Trick of Putting New Labels on the Same Old Stuff Should Not Be Continued--By XINHUA reporter Xu Yaozhong.

This year, since the state demanded stricter control over the scale of capital constrution, some localities and units have adopted a deceptive countermeasure. They have slightly altered several projects that were originally capital construction in nature and should still be considered capital construction projects. Then, they included the projects in the upgrading and renovation program so as to continue them openly. This trick of putting new labels on the same old stuff is a major reason that the scale of fixed asset investment is still hard to control in our country.

A city is building a major highway project that was previously undertaken as a capital construction project. Now this city has changed it into a so-called upgrading and renovation project so that is can continue the work without exceeding the limit of capital construction set in the plan. This year the funds needed for the project amount to more than 300 million yuan. A mining project in the northeast, and a chemical fertilizer plant and a woolen-polyester plant project in the central south were all started last year. They are now being carried out under the upgrading and revovation program because of the need to control the scale of capital construction. [passage omitted]

Now a host of capital construction projects have, in one way or another, become upgrading and renovation projects. This has caused the following grave consequences in the development of our national economy.

The scale of fixed asset investment has continued to increase. According to incomplete statistics covering only Beijing, Tianjin, and Liaoning, about 1.5 billion yuan have been invested this year in capital construction projects that were not completed last year and have been put under this year's upgrading and revovation program. During the first half of this year, while the trend of increase in nationwide capital construction investment declined, the amount of investment in upgrading and revovatjon projects rose 45.1 percent compared with the corresponding period last year. As the saying goes, "jut as one problem is solved, so another is sure to emerge." This state of affairs caused the scale of our fixed asset investment for the first half of this year to expand far beyong the planned limit and to surpass last year's corresponding period by more than 17 percent.

A number of real upgrading and renovation projects have been adversely affected. When the capital construction projects are included in the upgrading and renovation program, their funding will claim part of the investment originally projected for this program. To accommodate this, some localities have to take many of their original upgrading and renovation projects put of their plans. As a result, the funds and supply of raw and semifinished materials for these upgrading and renovation projects cannot be graranteed. and the original plan cannot be carried out as expected.

The proportion of investment in new and expansion projects has increased considerably in the upgrading and renovation program. With the inclusion of capital construction in the upgrading and renovation program, the proportion of investment in new and expansion projects, which should be strictly controlled, has risen more than 10 percent compared with last year's corresponding period, while the proportion of real renovation investment has dropped by some 11 percent.

People in economic circles have pointed out that the situation where capital construction affects the upgrading and renovation program is mainly attributal be to the present scattered management of investment in fixed assets, so it is necessary to establish an effective and unified system tocontrol such investment. In view of the time required to establish such a system, it is imperative to immediately adopt effective measures to eliminate the phenomenon that "you have you measures, and i have my countermeasures."

In the meantime, education should be conducted so that everyone will pay attention to the interests of the state and strive to subordinate local interests to the nation's overall interests. This is the only way to stop the action of those who are playing the trick of putting new labels on the same old stuff and to achieve the goal of controlling the scale of fixed asset investment.

SHANGHAI PORT CORRECTS UNHEALTHY TENDENCIES

OW031728 Beijing XINHUA Domestic Service in Chinese 2336 GMT 2 Aug 86

[By reporter Feng Yizhen and correspondent Duu Qiong]

[Excerpts] a Shanghai, 3 Aug (XINHUA) -- Being the largest in the whole country, Shanghai Port has taken resolute action to correct the unhealthy practice of "using the port to seek private interest" and to improve port administration and service quality. [passage omitted]

Water transportation has always been "dominated by the port" because there are not enough berths and handling capacity cannot meet the demand. Ships and owners of cargo must seek favor from the port administration. As a result, some units often feted port workers and some even gave gifts to port workers. According to custom, some cadres, staff members, and workers of the port administration took the situation for granted and a few of them even demanded things from customers. This has seriously impaired the reputation of the port administration. Early this year, the party committee of the Shanghai Port Administration decided to correct the unhealthy practice of "using the port to seek private interest" in order to improve party conduct and the port's work style. [passage omitted]

The Shanghi Port Administration demanded that all cadres not attend banquets or receive gifts and be courteous and efficient in serving the customers. [passage omitted]

According to an incomplete statistical report, from March to June this year cadres of the port administration rejected or turned over to higher authorities 199 articles. The overwhelming majority of cargo and ship owners now feel satisfied with the quality of loading and unloading.

OFFICIAL SAYS 45 MILLION NEW JOBS NEEDED

HK050456 Beijing CHINA DAILY in English 5 Aug 86 p 3

[By staff reporter]

[Text] The country needs to create at least 45 million jobs in the next five years to employ new job-seekers and those made redundant by industrial reforms, a senior official of the Ministry of Labour Personnel said at the weekend.

At least 30 million new urban jobs need to be created in the period while another 15 million employees, or more, from State-owned businesses and enterprises are expected to be looking for new jobs as a result of industrial restructuring.

In addition, an estimated 70 million rural teenagers will enter working age. A considerable proportion of whom could be looking for jobs in spheres other than farming during the period, the official said.

Over the last seven years, a total of 55 million urban people entering the job market were employed, cutting down the unemployment rate from 5.9 per cent in 1979 to 1.8 per cent last year, the official said.

However, the task of providing new jobs in the next five years "is more difficult than before and new solutions to the problem have to be found," the official said.

He said that surplus labour in the countryside created a burden for labour departments across the country although the government had adopted strict measures to prevent the influx of rural labour into cities.

The government plans to continue its policy of helping job hunters through official labour departments. But job-hunters were encouraged to find employment themselves and set up businesses on their own, the official added.

In a report early this year, the Minister of Labour and Personnel Zhao Dongwan said the key to the employment problem in China lay in reforming the employment system and pooling the efforts of the State, collectives and individual enterprises. He said the collective, individual and service trade industries should be actively encouraged to create more jobs so as to ease the impending strain on urban employment.

At present, there are 38,000 labour service companies throughout the country, which undertake to organize and train personnel and run all kinds of enterprises and services to create job opportunities.

Over the past five years, the companies have trained and recruited 8.31 million people and run 210,000 collective enterprises.

While trying to solve the unemployment problem, China is also aiming to improve the quality of its labour force. Among the 35 million new employees placed between 1980 and 1985, about 60 per cent of them had little job training before they were employed. Vocational training will be stepped up in the next five years to ensure the quality of the labour force.

YUAN BAOHUA EXPLAINS FACTORY SYSTEM IN HONGQI

OW030752 Beijing XINHUA in English 0624 GMT 3 Aug 86

[Text] Beijing, August 3 (XINHUA) -- The system of factory directors assuming full responsibility for production and management is the need posed by mass production and the reform of China's economic structure.

In an article in the latest issue of the "RED FLAG", the Chinese Communist Party Central Committee journal, State Economic Commission Vice-Minister Yuan Baohua said: "The focus of what is known as the 'director responsibility system' is the strict responsibility shared by directors and the principle of combining their responsibility with rights."

The new system has been tried out in 27,000 enterprises throughout the country since 1984.

He recalled that the system of directors responsible for production and management only under the leadership of party committees was instituted after the founding of new China in 1949. The chief drawback of this system is no distinct definition of the functions and responsibility of the party and the government.

Yuan quoted top Chinese leader Deng Xiaoping as saying in 1980: "This factory management system has proved to be unfavorable to the modernization of factory management and of the industrial management system, and also to the work of the party in factories." As part of China's ongoing economic reform, the functions of the government are being separated from those of the enterprises, and the ownership of enterprises is being separated from the right of their operation.

As a result, he said, enterprises will become relatively independent commodity manufacturers and dealers, with full authority for management and responsibility for profits and losses. He continued, "Directors thus serve as both administrative heads of enterprises and representatives of the legal persons for them."

This means that in matters of economic interests directors have to be answerable to the state and to their enterprises and employees. "The principle of combining responsibility of directors with their rights makes it imperative for directors to assume overall responsibility for production, management and administration in enterprises," Yuan explained. Since directors are responsible for production and management, they ought to have full authority for making management decisions, directing production and choosing their assistants.

"Who exercises the right of making management decisions is essential to the nature of the enterprise leadership system," Yuan said, noting that directors exercising such a right is an important indicator of the "director responsibility system" and is where the advantage of th new system lies. The new system has made it possible to overcome the old system's drawback of separating decision-making power from the right to direct production, introduce the initiative-based responsibility, intensify unified management and improve job efficiency.

"The right of directors to choose their assistants is a major component of the decision-making power," Yuan stressed. Under the new system, directors can appoint deputy directors and section chiefs in light of actual need. "While instituting the 'director responsibility system'," he said, "we must improve the workers' congress system and other democratic management systems so that trade unions and workers have a say in examining major policy decisions, overseeing the leadership and protecting their own rights and interests.."

OFFICIAL ENDORSES ENTERPRISE BANKRUPTCY

HK020516 Beijing XINHUA Hong Kong Service in Chinese 0325 GMT 2 Aug 86

[Text] Beijing, 2 Aug (XINHUA) -- A State Council official said today that it accords with the reform orientation that Chinese enterprises should go bankrupt and fold.

In an article in JINGJI RIBAO," he points out that to allow enterprises to go bankrupt and fold and carry out bankruptcy proceedings means legalizing and systematizing the means for dealing with enterprises that are on the verge of bankruptcy or actually go bankrupt due to heavy losses caused by poor management. This is the requirement of China's reforms and also of developing the commodity economy.

Yuan Mu, deputy secretary general of the State Council's financial and economic leadership group, holds that China must practice the principle of survival of the fittest. That certain backward enterprises should go bankrupt and be eliminated is the trend of historical development; it is for the purpose of mobilizing everyone's initiative still better and running the enterprises still more sucessfully. As far as a society is concerned, it means the survival of the fittest.

Yuan Mu says that through competition we should encourage the good units to become still better, and we should eliminate those that are indeed backward. We will no longer subsidize and prop them up with the money made by advanced enterprises.

According to reports, China is currently drafting a bankruptcy law and has also started to implement it on a trial basis in factories in the northeastern heavy industrial city of Shenyang.

Some people say that China is pursuing capitalism by enacting a bankruptcy law. Yuan Mu says that the contents of the bankruptcy law now being drawn up by China will not be completely the same as the bankruptcy laws in capitalist countries. He says that we should study certain advanced methods existing under the capitalist system that accord with China's socialist construction requirements, including certain management and legal methods and so on. Absorbing these things and following the capitalist road are two different concepts and should not be confused.

The official holds that as a result of several years of reform practice, China has created many basic conditions. In these circumstances, the basic conditions are now ripe for instituting the practice of enterprise bankruptcy and folding, and this accords with the requirements of socialist commodity production.

HUANG HE DELTA BEING TURNED INTO ECONOMIC ZONE

OW311455 Beijing XINHUA in English 1355 GMT 31 Jul 86

[Text] Jinan, July 31 (XINHUA) -- The Yellow River delta, the youngest land in China, is being developed into a new economic zone.

The area, about 7,400 square kilometers, began forming with Yellow River sedimentation in 1855, when the river, formerly running almost straight to the Yellow Sea, changed its course in eastern Henan province to empty into the Bohai Sea after snaking through the land of Shandong Province.

The river is the muddiest in the world, carrying an annual average of 1.2 billion tons of silt downstream from the northwest China Loess Highlands.

Three years ago, the area was a vast expanse of alkali land, with places overgrown with reef. But now, it is a full-fledged city with a population of 1.43 million, and the site of China's second largest oilfield.

The Dongying City, formerly a township with a population of 5,000, now governs the entire delta. It yielded nearly four billion yuan (more than one billion U.S. dollars) in industrial and agricultural output value last year.

This does not include the figure for Shengli oilfield, which provides one fifth of China's oil output, said Major Tang Shenghai.

Some 140,000 workers are working round the clock here drilling for oil, he added.

"We will take a dozen to 20 years to develop the Yellow River delta into a major oil and agricultural base," the major said.

A fishing and cargo port including seven berths is being built in the east of the delta and preparations for a seaport are under way. Construction of an airport, a Yellow River bridge and highways is in progress.

"We also have a 350-kilometer coastline and 5,000 square kilometers of sea beach suitable for breeding aquatic products," the major said. "When developed, these would mean even greater prosperity for our people."

Two mechanized state farms have been set up here, and irrigation facilities have been installed over the past three years, Tang said. As a result, the city turned out 500,000 tons of grain and 40,000 tons of cotton last year.

More than 2,600 hectares of desolate land have been planted with trees, and another 120,000 hectares developed into quality grazing grounds on which 360,000 domestic animals are raised.

In addition, about 6,000 hectares of aquatic breeding farms have been built, Tang said.

WATER RESOURCES MINISTER CALLS FOR SAVING WATER

HK010835 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1226 GMT 25 Jul 86

[Text] Beijing, 25 Jul (ZHONGGUO XINWEN SHE) — At a press conference held this morning, Qian Zhengying, Head of the National Water Resources Coordination Group and Minister of Water Resources and Electric Power, urged the Chinese people to discard their outmoded concept that water is an "inexhaustible resource" and to establish a "water-saving" community.

She revealed that a draft of the "PRC Law on Water" had been completed and was currently under examination by the departments concerned. In the future, rivers, watercourses, and water resources will be regulated according to law, she said.

Qian Zhengying said: China, in particular north China, is now facing an increasingly serious crisis with regard to water resources, and wastage of water is alarming.

It is alleged that China's total volume of water resources amounts to 280 million cubic meters, ranking sixth among the countries of the world. However, China's per-capita volume of water resources is only one-fourth of he world's average, ranking 88th in the world. In dry years, the areas of Beijing, Tianjin, and Hebei go short of 10 billion cubic meters of water. As ground water has been excessively exploited over a long time, the water table in these areas has dropped considerably, and the ground has subsided or even been submerged by sea water. In the Hai He and Luan He Valleys, the per-capita volume of water resources is even lower than that in the arid Arabian Peninsula.

At the moment of Chinese have not yet cultivated the habit of "using water sparingly as if it were oil." Industrial water is reused in only a small number of cities. But the utilization rate is extremely low -- hot higher than 60 percent in the best case. Meanwhile, the water utilization efficiency in agricultural irrigation is also rather low. The country's waste and polluted water drainage volume is 32 billion cubic meters a year, but only 2.5 percent is reused after treatment.

Qian Zhengying suggested that in the future, it is necessary to adopt a comprehensive policy for water conservation: water meters will be installed in every house, a water rationing system will be enforced among plants, water-saving agriculture will be promoted, and the principle of payment for use of water will be implemented with the help of economic levers so as to enhance people's sense of water conservation.

BEIJING HOLDS MEETING ON SPIRITUAL CIVILIZATION

SK040227 Beijing BEIJING RIBAO in Chinese 26 Jul 86 p 1

[Excerpts] On 25 July, the municipal five-stresses, four-beauties, and three-ardent-loves campaign committee held an enlarged meeting to sum up thw work done in the first half of this year and to mobilize the people throughout the municipality to further deeply carry out the activities of "being civilized civilians, creating civilized units, and building civilized cities."

Deng Liqun, member of the Secretariat of the CPC Central Committee, delivered a speech at the meeting. In his speech, Comrade Deng Liqun fully affirmed Beijing Municipality's achievements in building spiritual civilization and launching the five-stresses, four-beauties, and three-ardent-loves campaign. He suggested that Beijin Municipality guide the masses to discuss the issue concerning serving each other while carrying out the drive of discussing the issue of service work. He said: Each person and each unit in our country is the one that serves the people as well as the one to be served. Thus, we must not unilaterally ask others to serve us when we do not provide good service to them. In asking others to serve us, we should consider whether or not they are able to solve our problems. Only when we clearly handle the issue concerning serving each other can society form a fine practice of mutual understanding, respect, assistance, and service.

Jin Jian, deputy secretary of the municipal CPC Committee and chairman of the municipal five-stresses, four-beauties, and three-ardent-loves campaign committee, delivered a report at the meeting. [passage omitted]

Xicheng and Xuanwu Districts and the Beijing Railway Station introduced their experiences in carrying out the five-stress, four-beauty, and three-ardent-love campaign, fostering new civilized practices, and creating and building culturally advanced units at the meeting.

DENG LIQUN, OTHERS VISIT ART EXHIBITION OPENINGS

OW030452 Beijing XINHUA Domestic Service in Chinese 1154 GMT 2 Aug 86

[Excerpts] Beijing, 2 Aug (XINHUA) — One-man shows of traditional Chinese painters Zhu Qizhan, Zhuo Ran, and Qi Liangmo opened separately at the Chinese Art Gallery and International Club this morning.

Deng Liqun, Wang Zhen, Cheng Zihua, Zhang Aiping, Zhao Puchu, Mao Yisheng, Lei Jieqiong, and other leading comrades and hundreds of personages from Beijing's cultural and art circles separately visited the three painters' exhibitions. [passage omitted]

The exhibitions of Zhu Qizhan and Zhuo Ran will close at the Chinese Art Gallery on 17 August and 12 August respectively, while Qi Liangmo's exhibition at the International Club will conclude on 15 August.

STATE COUNCIL APPROVES EDUCATION VIA SATELLITE

OW050505 Beijing XINHUA Domestic Servicein Chinese 0813 GMT 4 Aug 86

[Excerpts] Beijing, 4 Aug (XINHUA) — Since the trial broadcast of the televised education program via satellite on 1 July the results have been good. The State Council has decided to begin formal broadcasts on 1 October.

To develop televised education via satellite, the State Education Commision, the State Planning Commission, the State Economic Commission, the State Science and Technology Commission, the State Council's Office for the Development of Electronics Industry, the Finance Ministry, the Radio, Cinema and Television Ministry, the Labor and Personnel Ministry and the General Administration of Customs recently issued a joint circular calling for all departments of the central authorities, and leaders at all levels of the provincial, autonomous region, and municipal authorities to attach great importance to this work and conscientiously treat it as an important task in reforming and developing education.

The "circular" said: Preparing a TV channel for education is an important policy decision to implement the central authorities' resolution on educational structural reform. It is an effective measure suiting our national conditions. It is a measure to develop education in China's vast, remote areas and create broad prospects for China's televised education. [passage omitted]

The "circular" emphatically pointed out: It is necessary to strengthen management of the televised education channel and its corresponding special-purpose equipment for television education. It is necessary to prevent the channel and equipment from being used for other purposes. An educational TV station can only broadcast or relay education programs from the Central Radio Station and provincial radio statoins.

SEX EDUCATION RESEARCH OFFICE SET UP IN SHANGHAI

HK041130 Beijing RENMIN RIBAO in Chinese 1 Aug 86 p 3

[Report: "Sex Education Study Society Set Up in Shanghai"]

[Text] With the approval of the Philosophy and Social Sciences Federation of Shanghai, the city's society for study of sex education was set up. This is China's first academic organization for study of sex-related problems.

Sex-related problems are common among mankind. The establishment of the society is aimed at promptly understanding and exchanging information and trends on this aspect and conducting academic study and explorations so that the scientific research of sex education will be based on investigation and study of actual conditions, and, within the limits permitted by society, the research society will publicize the significance of sex education and spread sexual knowledge.

FIRST CITYWIDE ERADICATION OF RATS CLAIMED

OW051842 Beijing XINHUA in English 1329 GMT 5 Aug 86

[Text] Dalian, August 5 (XINHUA) — Dalian, a leading port city in China's northeast, was declared a rat-free city here Monday by a group of specialists.

Rats eat over 15 million tons of grain a year in China, according to a public health official. The Chinese Central Patriotic Public Health Campaign Committee has been calling on urban residents to try their best to kill the vermin. Dalian, with a population of over 1.6 million, is the first big city in China to be free of the curse.

This was confirmed by an inspection team formed by specialists from all over Liaoning Province, where the city is located. They adopted the gererally accepted method in their inspection in Dalian. They spread talcum powder over prescribed areas in grain depots, shops, factories, ports, schools and residential apartments where rats frequented. After 21 days of experiment, only 0.353 percent of the total powdered space showed traces of rats.

The density rate of rats in key areas of the city meets the two percent requirement of the country: 0.46 percent at the harbor; 0.16 percent at the railway station and 0.83 percent at the airport. In surrounding rural areas the rate has dropped to less than one percent.

The successful campaign resulted from the cooperative efforts of all the city residents. They made all the necessary preparatory work before 45,000 trained personnel spread the rat poison throughout the city within one day.

Experts also played an important role. They helped to make careful plans and designed different devices for different areas. They chose April 1 as the day of attack when rats are at their peak of activity and pregnancy.

The city has set up a permanent coordination organization and has decided to launch such a campaign once every year in the future.

JIANGXI PARTY OFFICIAL URGES CORRECTING STYLE

OW300438 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 28 Jul 86

[Excerpts] The provincial reporting group on rectifying party style held its first report meeting at Nanchang's August 1 Hall this morning. Leading comrades of provincial party, government and army organizations, including Liu Fangren, Xu Qin, Jiang Zhuping, (Wang Chaorong), Pei Dean, (Lu Xiuzhen), (Wang Taihua), Zhu Zhihong, Wang Shufeng, Huang Xiandu, Peng Shengxi, (Sun Xiyue), (Chen Guizhen), (Wang Guanze), Wu Ping, Shen Hanqing, Liu Liang, Li Shanyuan, Wu Yongle, Wu Tiyu, and Wu Yunzhong, as well as party-member cadres of the provincial organs at deputy section chief level or higher -- 2,000 in all 00 attended the meeting. [passage omitted]

Liu Fangren, provincial deputy party secretary, spoke at the close of the meeting. He said: There is much work to be done in correcting party style. As far as the current situation is concerned, we should mainly concentrate on two tasks. The first is to press hard in tackling major cases. The second is to step up our efforts in ideological education. By using typical examples, we can bring about a constant improvement in party style in the province.

Liu Fangren pointed out: We can derive five points of inspiration from the report made by the comrades of the reporting group. First, we should have full confidence in rectifying party style. [passage omitted]

Second, the aim of correcting party style is to better serve reform and insure and promote the healthy development of economic construction. We should clearly explain to cadres and the masses that lawlessness, economic crimes, bribery, corruption, and unhealthy tendencies have no association with reform; they, on the contrary, serve to corrupt party style, and sabotage reforms, and their open and correct implementation. Our attitude to this problem has always been very clear. We shall give resolute support to those people who persist and are keen on reform. [passage omitted]

However, we shall resolutely deal with those people seeking personal gain, indulging in degradation, accepting and giving bribes, engaging in speculative and criminal activities in the name, or under cover, of reform, irrespective of their social positions.

Third, correcting party style and rectifying unhealthy practices should begin with leading cadres. This is the common experience of comrades in reporting groups in their efforts to correct party style.

Fourth, we should always bear in mind the idea of wholeheartedly serving the people. This is the guiding thought in correcting party style. [passage omitted]

Fifth, we should adhere to principle and dare to combat unhealthy practices in correcting party style. [passage omitted]

Liu Fangren expressed the hope that provincial organs would take the lead, overcoming unhealthy practices, political liberalism, bureaucratism; consolidate and expand achievements in party rectification work; style to effect a marked and fundamental improvement in the province's party style; and assure smooth progress of the reform.

The report meeting of the provincial reporting group for rectifying party style was jointly sponsored by the provincial Discipline Inspection Committee, the Organization Department of the provincial CPC Committee, the Propaganda Department of the provincial CPC Committee, and the party committees of provincial organs.

Starting tomorrow, comrades of the provincial reporting group for rectifying party style will make roving reports in prefectures and cities in the province.

LI JIULONG SPEAKS AT SHANDONG ARMY MEETING

SK020408 Jinan Shandong Provincial Service in Mandarin 2200 GMT 1 Aug 86

[Excerpts] The provincial commendation meeting to honor advanced units emerging in placing retired servicemen in jobs and model individuals among retired servicemen opened at Nanjiao Guesthouse in Jinan City on the morning of 1 August.

Attending the meeting were 229 representatives, who summed up their experience together and discussed the great plan for job placement. Such a meeting in the province has been unprecedented since the founding of the PRC.

Speaking at the meeting were Li Changan, deputy secretary of the provincial CPC Committee and governor of the province; Li Jiulong, commander of the Jinan Military Region, and (Liu Zhanqi), deputy director of the office under the State Council in charge job placement for retured servicemen and officers. [passage omitted]

In his speech, Li Jiulong, commander of the Jinan Military Region, highly praised the party committees and the governments at all levels throughout the province, which had given support to the building of PLA units and scored marked achievements in making job arrangements for the retired servicemen and officers. He urged the broad masses of retured servicemen to take the whole situation into account, to actively accept the job arrangements made by the party organizations, to continuously carry on the fine tradition of the PLA, to be modest in learning from local cadres and the masses, and to make efforts to make new contributions in building the four modernizations. [passage omitted]

Also attending the meeting were leading comrades from provincial CPC Committee and the provincial People's Government, including Lu Maozeng, (Tao Hongsheng), Ma Lianli, and Tan Ginglian, and responsible comrades from the departments concerned under the provincial CPC Committee, the provincial People's Government, and the Jinan Military Region.

Meeting Concludes

SK040158 Jinan Shandong Provincial Service in Mandarin 2200 GMT 3 Aug 86

[Text] The first provincial commendation meeting to honor advanced units emerging in job placement for retired service men and model individuals among retired servicemen successfully concluded in Jinan City on 3 August.

The meeting presented banners and honorary certificates to the 28 advanced units and 181 advanced individuals.

Attending the meeting were leading comrades of the provincial CPC Committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress Standing Committee, the provincial People's Government, the provincial CPPCC Committee, the Jinan Military Region, and the provincial Military District.

Speaking at the meeting were Li Changan, deputy secretary of the provincial CPC Committee and governor of the province; Li Jiulong, commander of the Jinan Military Region; and (Liu Zhanqi), deputy director of the office under the State Council in charge of job placement for retired servicemen and officers.

At the meeting, Ma Lianli, vice governor of the province, delivered a report entitled: Sum up the experience and commend and advanced in order to strive to create a new situation in the province's work job placement for retired servicemen by regarding to drive to reform as a motivating force.

The meeting reviewed the achievements scored by the province in making job arrangements for retured servicemen over the past 10 years and summed up and exchanged the experience gained in the work. Since the suggestion made by Comrade Deng Xiaoping in 1975 on restoring the retirement system for servicemen and officers, the province has successively made job arrangements for more than 145,000 persons and living arrangements for 197,000 family members.

Particularly since the decision made by the central authorities in 1985 on reducing the staffs of militry units and reorganizing troops by cutting 1 million personnel, the province's task for making job arrangements for retired soldiers and officers has become ever heavier. Under the leadership of the party committee and the government and the vigorous support of the PLA units and with the close cooperation of the departments concerned, the departments in charge of job placement for retired servicemen all levels have basically succeeded in actively receiving work assignments, making proper job arrangements, earnestly holding training classes, and conducting reasonable employment; and have better fulfilled the task in this regard by earnestly implementing the policies issued by the CPC Central Committee, the State Council, and the Central Military Commission, by displaying the spirit of being actively responsible, by upholding the drive to conduct reforms, by organizing the work carefully, and by conducting reasonable work distribution.

The meeting urged the departments in charge job placement for retired servicemen at all levels throughout the province, the units that have offered jobs for the retired servicemen and officers, and the broad masses of retired servicemen and officers to continuously add to their achievements, to make persistent efforts, and to further do a good job in job placement for retired servicemen so as to make new and still greater contributions to building the four modernizations.

QINGDAO FIRMS BENEFIT FROM IMPORTED TECHNOLOGY

OW041012 Beijing XINHUA in English 0937 GMT 4 Aug 86

[Text] Beijing, August 4 (XINHUA) — The well-known Qingdao Brewery in China's Shandong Province has exported 14 million U.S. dollars worth the beer in the first half of this year, nearly doubling the figure for the same 1985 period. Its products are well received in more than 20 countries and regions including the United States, France, the Federal Republic of Germany, Singapore, Malaysia and Hong Kong. It plans to produce 100,000 tons of beer this year, a 15 percent increase over last year. The over 80-year-old brewery attributed its success to the transformation of its outdated devices with the technology and equipment imported from Federal Germany, Japan and other countries.

It has imported technical knowhow and advanced devices on brewing, packaging, fermenting, refrigeration and others to replace the outdated ones. As a result, the quality of its product has been greatly improved, and the output increased from 46,000 tons in 1980 to 85,000 tons in 1985. The brewery is one of the enterprises in Qingdao which have achieved marked economic results from the technical transformation with technology and equipment imported in the past few years.

The Qingdao General Refrigerator Factory signed a contract in July, 1984, with Liebherr Co. of Federal Germany on import of refrigerator manufacturing technology and equipment. The technology and equipment were delivered in 1985, and installed and went into operation the same year. As a result, the factory made 2.48 million yuan (about 700,000 U.S. dollars) of profit and got net profit 1.07 million yuan in 1985 after paying the loss totalling 1.41 million yuan incurred in the past.

The "Qindao-Liebherr" refrigerator is now well received both at home and abroad as it is known for less energy consumption and quick refrigeration. Under the contract, part of the products were sold on the German market. The 4-star standard product was first available at the export commodities fair held in Guangzhou in April this year, and the turnover reported 13,500 sets, ranking first in the term of export value among all China-made household electrical appliances. It is displayed at the China economic and trade exhibition being held in Moscow at present.

Yang Mianmian, deputy director of the factory, told XINHUA that the loan used to import the technology and equipment will be repayed before the end of 1987, two years ahead of schedule. With the imported technology, the city now can produce quite a number of new products such as small-sized radar for navigation, silicon chip for large-scale integrated circuit and liquid crystal screen, which have not only met China's needs but also are well received on the world market.

Qingdao, one of China's 14 coastal cities opened to foreign investment has imported sophisticated technology and equipment used to upgrade the existing enterprises on 253 projects in the past two years. Of the technical upgrading projects, 107 have gone into operation, adding output value by more than 780 million yuan (over 200 million U.S. dollars) a year. Most of the technology and equipment the city imported are up to the technical level at the beginning of the 1980s in the developed countries. It has also introduced some patent licenses.

Qingdao Mayor Guo Songnian told XINHUA that the city has put stress on upgrading the existing enterprises by importing advanced technology and equipment, which is also the major field for its economic and technical cooperation with foreign countries. He said, Qingdao plans to import technology and equipment to transform the existing enterprises on 268 projects during the Seventh Five-Year Plan period (1986-90).

These projects are mainly in the light, textile, electronics, meters and instruments, rubber, chemical, machinery, and building materials industries and aquatic products, he added.

FOREIGN EXCHANGE BLACK MARKET UNCOVERED IN SHENZHEN

HK050532 Beijing CHINA DAILY in English 5 Aug 86 p 1

[Text] A major black market that dealt in foreign exchange transactions running to tens of millions of dollars has been uncovered in Shenzhen, China's first Special Economic Zone (SEZ), in Guangdong Province.

The Jiabin (Honoured Guest) Bazaar, which opened in 1982 as the first commercial enterprise authorised to accept foreign exchange in daily sales, turned into the SEZ's biggest black market dealer of foreign exchange in 1984, according to the Guangdong provincial newspaper NANFANG DAILY.

After many months of coordinated efforts by the Shenzhen People's Procuratorate, the Central and Provincial Discipline Inspection Group, and the SEZ's Public Secuirty Bureau, the activities of the Jiabin black market were finally uncovered.

According to the investigation, from June to December 1984, the bazaar handled black market trasactions involving 177 million Hong Kong dollars, $21.3 million, plus 1.4 million yuan in foreign exchange certificates, earning more than 2.6 million yuan in illegal profits, the newspaper said.

Investigation of the case began last year, when a nationwide drive was launched to combat black market dealings in foreign exchange, especially in the coastal areas.

According to the investigation report, the leadership of Jiabin Bazaar decided to turn to black market dealings in 1984 after they concluded that this was "the only profitable form of business that does not require any additional capital, shop space or warehouse."

They formed a "black market network" together with more than a dozen other unlawful enterprises in Shenzhen, Dongwan, Baoan, Huizhou and Enping cities. The network also dealt with illegal street vendors. In less than six months, it had handled more than HK$117 million and $21 million.

The operation was masterminded by the managers of the Jiabin Bazaar, which also served as its front by issuing phoney contracts or invoices to hide illegal transactions, the newspaper said.

Investigation is continuing. A spokesman for te Shenzhen Procuratorate said it intends to prosecute the managers of the Jiabin Bazaar "on charges of speculation and profiteering," according to NANFANG DAILY.

PLANT MANAGER SYSTEM MEETING OPENS IN GUANGDONG

HK050421 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 5 Aug 86

[Text] An on-the-spot meeting in Maoming on introducing the system of having a plant manager or director responsible for targets to be reached during his term of office opened this morning. The meeting, convened by the provincial CPC Committee and government, is an important conference on reform work. It is also a large-scale meeting to exchange work experiences.

The main agenda of the meeting is as follows: 1) To study the regulations for plant managers, enterprise party branches, and workers' congresses recently discussed by the State Council, together with relevant documents on strengthening enterprise management; 2) Maoming City will introduce its methods in promoting the system of having a plant manager responsible for targets to be reached during his term of office; 3) To make arrangements for work concerning this system.

Liu Weiming, member of the Standing Committee of the provincial CPC Committee, stressed at the meeting this morning that since the second half of 1984, 2,075 enterprises in the province have practiced the plant manager responsibility system on a trial basis. This has played a positive role in invigorating the enterprises and improving their quality and economic results. However, a number of problems have also come to light in practice.

He called on all cities, prefectures, and departments to study the experiences of Maoming City in conjunction with their own actual conditions, and popularize in stages the system of having a plant manager or director responsible for targets to be reached during his term of office. The province's economic structural reform should thus be pressed forward to a new stage.

HENAN GOVERNOR EMPHASIZES ECONOMIC WORK

HK060139 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 5 Aug 86

[Excerpts] According to HENAN RIBAO, Governor He Zhukang pointed out while inspecting work in Jiaozuo, Luoyang, and Sanmenxia Cities from 21 July to 5 August that the whole province must work in concert to do a good job of economic work, so as to invigorate Henan.

He Zhukang said that the provincial CPC Committee recently held an enlarged meeting of its Standing Committee for the specific purpose of discussing economic work. The meeting held that it is imperative to gain further understanding of and lay further stress on the notion of centering all work on economic construction. All levels, sectors, trades, and departments must ensure that they subordinate themselves to and serve their central task in ideology and in action. [passage omitted]

Economic construction and the four modernizations are the current overriding political task. In the future, our main yardstick in evaluating the work performance of a unit or a leading cadre is to see whether it or he has played a proper role in economic construction.

He Zhukang stressed that it is essential to fully mobilize the initiative of the enterprise workers in order to promote economic work. He said that the manager is the key to the prosperity or decline of an enterprise. We must practice the plant manager responsibility system, to fully mobilize the managers' initiative. We must uphold the manager's authority. To allow him to take responsibility, we must confer on him powers and means for exercising those powers. The enterprise party committee and trade union, and the upper-level departments must support the work of the manager. [passage omitted]

Readjusting the ownership structure is also an important aspect of mobilizing people's initiative. At present we must vigorously develop collective economy. Certain small state-owned commercial and industrial enterprises can be switched to collective ownership in various ways.

He Zhukang said: In economic work, we must also strive to solve our problem of an abundance of simplicity and plainness and lack of sufficient business operations. Simplicity, honesty, and kindness are traditional virtues of the sons and daughters of the Central Plain.

However, our vision is not broad, and we lack the market and competition concepts of commodity production, are not skilled in scheming, and cannot do business. Unless these problems are solved, we cannot extricate ourselves from our passive situation of lagging behind others. We must therefore currently work hard at the following points:

1. We must be skilled in running operations, and engage in less metaphysics and more dialectics. Mature entrepreneurs do not just produce popular products; they seek ways of doing business in products that are not so popular for the time being. The great mass rush to produce bicycles a few years ago, which formed rapidly and declined rapidly, is a very great lesson in this respect.

2. We should promote joint associations. We should have a sense of urgency and crisis on this question and seize opportunities in preparation for challenges. Ideologically, we must get rid of the idea that we will lose by joining in association with others, and be willing to provide favorable conditions for those who join in association with us. In method, we should not grasp association for its own sake; association should be stimulated by expanding enterprise decision-making powers.

3. We must be creative in work. [passage indistinct]

SICHUAN MILITARY DISTRICT IMPROVES PARTY STYLE

HK290625 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 27 Jul 86

[Text] The CPC Committee of the Sichuan Provincial Military District has strictly implemented the responsibility system in improving party style, achieving marked results.

By first dealing with their own party style, the CPC Committee of Sichuan Provincial Committee took the lead in implementing the responsibility system in improving party style. They seriously examined and corrected their own problems. The Command, Political, and Logistics Departments of the military district formulated measures for improving party style in their own units, and seriously investigated and dealt with malpractices in their own departments and systems, thus vigorously promoting the ideological building of party organizations at all levels and party members, curbing unhealthy tendencies, and fostering party style. A good situation has thus appeared.

In personnel work, the CPC Committee resisted the unhealthy tendency of using backstairs influence. In streamlining the administration of the Army and reducing the number of soldiers, the provincial Military District accepted some 692 cadres from other army units. Party committees at all levels in the military district carried out the principle of appointing people according to their political integrity and ability and employed these cadres in accordance with regulations and regardless of feelings and connections.

Of the 149 meetings held by the military district in the first half of this year, none exceeded the scale boarding charges or issued souvenirs. In dealing with 1,200 visitors in the first half of this year, the military district did not hold any banquets in honor of them, thus curbing the tendency of eating and drinking. Of the 23 companies set up by the military district, 16 have been wound up and 7 are being examined. Of the 73 cases of violation of discipline in the military district, about 94.5 percent have been investigated and dealt with or will soon be thoroughly investigated and dealt with. All this has curbed malpractices in production and business operations.

In the first half of this year, the leading group of the provincial Military District and administrative organis at all levels in the district dispatched some 499 work teams and 1,956 people to the grassroots level. Leaders went to grassroots level with small retinues and seriously investigated and resolved problems, thus overcoming bureaucratism. Some advanced units and individuals that have good party style and strong party spirit and that strictly observe party discipline have emerged. For example, the CPC Committee of the Aba Military Subarea set a good example in word and deed, and was commended by the Chengdu Military Region. Retired army cadres (Gu Ruhuai) and (Zhang Fubao) sought to provide interest and refused to lead an idle life of retirement. They worked hard and contributed their remaining energies to the party's cause. (Zhu Chengqing), director of Guesthouse No 1 of the military district, and (Wei Xianxiang), deputy director of the Xichang Army Cadres Sanatorium, resisted corruption and refused to be contaiminated by bad habits and lifestyles. They were praised by people as good cadres who are upright and incorrupted.

LIAONING FACTORY BECOMES FIRST BANKRUPTCY IN PRC

OW030542 Beijing XINHUA in English 0531 GMT 3 Aug 86

[Text] Shenyang, August 3 (XINHUA) -- A debt-ridden factory in Shenyang, the capital of Liaoning Province in northeast China, was announced today to have gone bankrupt. This was the first bankruptcy ever recorded on the Chinese mainland.

The collectively-owned Shenyang Explosion-proof Apparatus Plant had 72 employees. It had fixed assets of 302,000 yuan, but over ten years it had run up debts of 503,000 yuan, it was released at a press conference of the city government.

The factory's properties will be sold, and the money divided among the 219 creditors according to the proportions of their loans to the factory's total debts, said a senior official of the city's Industry and Commerce Administrative Bureau, who also confiscated the factory's business license at the conference.

The employees, including the factory director, would lose their jobs except for the few handicapped workers who will be assigned jobs by local civil affairs departments, Wei Yushu, deputy director of the bureau, added. And those having reached retirement age will be pensioned off.

The others will receive technical and managerial training before they are recommended new work by labor service companies, Wei said.

During the next six months, they will recieve 75 percent of their original wages, which will be replaced by a relief fund of 30 yuan a month from the seventh month if they are still unemployed.

Those having family to support will be given more, but no more than their original wages, Wei said.

The factory was warned a year ago together with two others that they were facing bankruptcy because of their excessive economic losses. The other two recovered during the one-year period given to them for improvement.

If a factory cannot improve economic results in the year after being warned and its total fixed assets are unable to cover its debt, it must close down, according to the provisional bankruptcy regulations for collective-owned enterprises issued by Shenyang City Government in February 1985.

At present, China's Enterprise Bankruptcy Draft Law is in trial practice in the three industrial cities of Shenyang, Wuhan and Chongqing.

Yuan Mu, deputy secretary-general of the Central Financial and Economic Leading Group of the State Council, said in an "ECONOMIC DAILY" article yesterday, "making bankruptcy possible will improve the competitiveness of enterprises."

"Why should we protect those which cannot keep going?" he asked.

OFFICIALS NOTE U.S. TRADE STATISTICS DIFFERENCE

OW050325 Taipei CNA in English 0306 GMT 5 Aug 86

[Text] Taipei, Aug 4 (CNA) -- The difference between the Republic of China [ROC] Government's statistics on ROC-U.S. trade volume in terms of quantity and value of trade and the United States' own statistics draws closer when the figures are calculated on a yearly basis, accounting for a difference of 1 percent only, said government officials Monday.

Wang Kun, deputy comptroller-general, and Wei Tuan, a department chief of the Directorate General of Budget, Accounting and Statistics, the Executive Yuan, expressed jointly that there is no real problem of the so-called "black hole" between the statistics the two countries keep on trade volume in terms of quantity and value of trade.

Since the two nations use different statistical bases and time periods, different statistics are inevitable over a short period. If a longer period is taken, for instance, a whole year, there is only a one percent difference in the statistics compiled by the two nations respectively, they asserted.

In order to handle the matter carefully, an overall review of the nation's trade statistics and a comparison to information provided by the American Institute in Taiwan have been made, Wei further pointed out.

To give a clear explanation to the U.S. at the ROC-USA trade consultative talks in Washington, D.c. Aug 4-8, two statistics experts left Taipei Saturday with the ROC delegation, headed by Director General Vincent C. Siew of the Board of Foreign trade.

For 1986, the nation's statistics on the amount of the favorable trade with the United States stood at U.S. $10 billion against the U.S. figure of U.S. $12 billion, leaving a difference of U.S. $2 billion.

COMMENTARY VIEWS EFFORTS TO REDUCE U.S. TRADE IMBALANCE

OW010457 Taipei International Service in English 0200 GMT 30 Jul 86

[Station commentary by Albert Sung: "Built-in Trade Imbalance"]

[Text] Why has a developing country like the Republic of China [ROC] built up a huge trade surplus with the United States, the leader of developed countries? There are many answers to this seemingly inexplicable phenomenon. Some of the answers may be debatable, but there is at least one factor that is beyond dispute.

The chief representative of the Republic of China in the United States, Dr Frederick F. Chen, recently pointed out what he called built-in imbalance -- namely, a country with a large market can absorb more goods than a small country can absorb from one as big as the United States. The U.S. is hundreds of times larger than Taiwan in area and more than twelve times larger in population. It is sure impossibility for Taiwan to buy as much American products as the other way around.

Since the late 1970's, when the ROC's trade surplus with the U.S. began to rise significantly, the Chinese Government has been doing everything possible to rectify the situation. Often, Taipei bends backwards in order to boost imports from the U.S. This has led some European countries to charge that Free China applies a double standard in dealing with the trading partners.

Despite the Chinese efforts, however, the trade imbalance has continued to rise. The built-in imbalance mentioned by Dr Chen is one of the major contributing factors. Last year's trade statistics suffice to tell the story. In 1985, Taiwan imported 4 times more than the U.S. bought from Taiwan on a per capita basis. Taiwan's per capita imports from the U.S. were $264 last year compared with the $64 per capita imports from Taiwan by the United States. Taiwan's 1985 imports from the United States accounted for 24 percent of its overall imports, while America's imports from Taiwan were only 3.4 percent of its total imports.

If one takes into consideration the difference in per capita income between the two countries, there would be no exaggeration to say that "By America" means more than a slogan in Taiwan. The per capita income in Free China is a little over $3,000, about one-fourth of that in the United States. In other words, a Chinese in Taiwan spends over 8.6 percent of his income for American products, compared with only 0.5 percent of the per capita American income spent for goods from Taiwan.

The people in Taiwan are literally doing everything possible to buy American goods in order to narrow their trade surplus with the United States. But there is a limit to what they can do because of their physical size.

GOVERNMENT ENCOURAGES TRADE WITH JAPAN

OW050345 Taipei CNA in English 0238 GMT 5 Aug 86

[Text] Taipei, Aug 4 (CNA) — The ROC Government has begun to encourage domestic manufacturers to increase their exports to Japan in order to reduce the nation's large trade surplus with the United States.

An economics official said Monday that he does not know if the consumers in the U.S. would be glad to learn the ROC Government's change of its policy because for so many years the ROC has been selling its best products to the U.S. now the ROC is being forced to change its marketing strategy because of its trade imbalance with the U.S., said Wu Hui-jan, acting director of the Industrial Development Bureau [IDB]. While receiving the executive of an American Electronics Company which has set up a plant in Taiwan, Wu said that he hopes joint venture companies in this nation will change their policy by reducing their exports to the U.s. while expanding their exports to Japan.

Wu said that the IDB is willing to provide all necessary assistance to help ROC manufacturers and joint venture companies to expand their exports to Japan.

FRG'S DPA NEWS AGENCY OPENS TAIPEI OFFICE

OW041025 Taipei CNA in English 0933 GMT 4 Aug 86

[Text] Taipei, Aug 4 (CNA) -- In a move to intensify its coverage of the Republic of China, DPA -- Deutsche Press Agentur, the West German news agency -- is opening a taiwan office Monday. It will be headed by DPA Correspondent Dieter Neumann.

Located on the 6th floor of the Central News Agency building, 209 Sungkiang Road, Tel. 505-1682, the new bureau has direct computerized links to the worldwide wire service network of DPA and will concentrate mainly on economic and political news dispatches for DPA as well as for its associated agency Vereinigte Wirtschaftsdienste (VWD), which specialized in trade and business news articles for media in the European Economic Community.

EDITORIAL VIEWS PRC-USSR RELATIONS OUTLOOK

OW040944 Taipei CHINA POST in English 2 Aug 86 p 4

[Editorial: "Future Outlook of Peking-Moscow Relations"]

[Text] Soviet leader Mikhail Gorbachev's invitation Monday to Red China for discussion on improved relations should warn the free world to stop further playing of the Red China card to restrain the Soviets.

The Soviet invitation was quite definite and substantial. Gorbachev said in a televised speech from the Soviet Pacific port of Vladivostok that "the Soviet Union is prepared -- any time and at any level -- to discuss with Red China most serious questions of additional measures to create an atmosphere of neighborliness". He also suggested that the two communist giants cooperate in space exploration.

At the same time, Gorbachev also made the announcement that the Soviets would withdraw six regiments of troops from Afghanistan. However, he said, a schedule of full Soviet withdrawal from Afghanistan had been worked out with the Kabul government but would not be put into effect until a "political settlement" was reached. He indicated that such a settlement must include a guarantee that rebels fighting in Afghanistan with U.S. and Pakistan backing would lay down their arms. He was calling for the rebels' surrender. But, he said, "If the intervention against Afghanistan continues, the Soviet Union will stand up, for its neighbor."

The above offer of troop withdrawal represents nothing substantial or significant as the Soviets will still maintain a large contingent in Afghanistan.

But Gorbachev's offer to Peking to discuss additional measures to improve relations is certainly more significant than the offer of troop withdrawal. The Soviet hint that it may withdraw some of its forces out of Mongolia may also interest Peking greatly.

As Peking and Moscow have been talking to each other to improve their relations, Gorbachev's latest statement should certainly speed up their discussions. Even though Peking may not accept the Soviet offer right away and may even show some hesitation, the fact of Gorbachev's offer shows that the time of rapprochement between the two communist nations is drawing near. The United States should be most careful in studying this situation and not provide the Peking regime with additional U.S. arms and weapons to avoid falling into a communist trap to bury the capitalist nations. Otherwise, the constant danger of Soviet-Chinese Communist collusion against the West may materialize sooner than we think.

HONG KONG OFFICIAL RULES OUT DAYA BAY REFERENDUM

HK040530 Hong Kong SOUTH CHINA MONRING POST in English 4 Aug 86 p 1

[Text] The acting Governor, Sir David Akers-Jones, yesterday ruled out holding a referendum on whether the nuclear plant planned for Daya Bay in China should be built.

"I don't think you can decide things like this by referendum. It's not a satisfactory way of dealing with such a complicated subject, really," he said.

He stressed that since the plant would not be built in Hong kong, it was not for Hong Kong people to decide whether it should be built.

The idea of a referendum was mooted by some Legislative Councillors recently.

Sir David said two delegations of Legislative Council members had just gone abroad on a fact-finding mission and it would be inapproriate to jump to any conclusion on the subject before they return.

He disagreed with a suggestion that the delegations would only collect postive data on nuclear energy, saying that the members would visit Austria where the anti-nuclear sentiment was high.

Sir Savid said he believed the councillors would be able to complete a report before next month when the contracts for the Daya Bay plant were scheduled to be signed.

BASIC LAW GROUP HOLDS 'MEET THE PUBLIC' SESSION

HK270354 Hong Kong SUNDAY STANDARD in English 27 Jul 86 p 3

[Text] The first "meet the public" session of the Basic Law Consultative Committee yesterday attracted three groups and five individuals to give their views on the future constitution.

But there were criticisms on the format of the session, saying it was too formal and lacked an exchange of views.

Yesterday was the first of the two sessions which, Consultative Committee members hope, give an opportunity to any interested parties to give their opinions and views on the Basic Law.

The second session will be held between 3 and 5 pm on August 9.

After the meeting, a representative from a religious group, Mr Lau Kwok-chuen, said they were dissatisfied with the format of the meeting.

He said it was too formal and they expected to have an exchange of views with Consultative Committee members.

In his submission, he said his group hoped the Basic Law would have a clear description on how Hong Kong would develop.

But the group cautioned that the Basic Law should not be too detailed.

A representative of a hawker group, Mr Lo Wai-man, said the duration of the meeting -- about 15 minutes for each group -- was too short.

An individual, Mr Chu Wing-ying, said the future Chief Executive need not have real power, and his cabinet could take over all the responsibility of the government.

The other group and four individuals refused to disclose their identities and the content of their submissions.

After the meeting, the secretary general of the Consultative Committee, Mr Mao Junnian, said they would review the format of the meeting and see whether there is any need for improvement.

He considered yesterday's session was a successful one.

Mr Mao said the aim of the "meet the public" session was to collect views from the public and was not to have an exchange of views.

He hopes more people will give their opinions in the next session.

BASIC LAW GROUP WANTS PASSPORT ISSUE CLARIFIED

HK020348 Hong Kong HONGKONG STANDARD in English 2 Aug 86 p 22

[By Yau Shing-Mu]

[Text] Should a person holding the passports of two countries be considered a dual national?

This was one of the issues debated by the Basic Law Consultative Committee when it met yesterday. Members of the committee asked that China clarify its position on the matter.

At the special group meeting, some members suggested that a person holding two passports should not be regarded as a dual national.

But others objected. They said that a great many Hong Kong residents, especially professionals and businessmen, have more than one passport. Many wish to enjoy the privileges of being both Chinese and foreign nationals.

A co-convenor of the meeting, Mr Chen Kai-ming, told reporters that China does not recognise dual nationality. But some members said this does not necessarily mean dual nationality would not be allowed.

"It was suggested that dual nationality shouldn't be regarded as an offence in the Special Administrative Region [SAR]," he said.

"We don't know what China's thinking is on the matter. Moreover, the question of nationality seems beyond the scope of the Basic Law. Hong Kong apparently has no say in this regard. Therefore, Beijing should make some sort of clarification," said Mr Chen.

The special group, which advises on relations between the SAR and the Chinese Central Government, also discussed how Hong Kong might take part in China's supreme lawmaking body, the National People's Congress.

China does not allow foreign nationals to sit on the NPC.

It was agreed that local representatives should be returned by elections and that Hong Kong should have its own election rules, different to those covering most parts of China.

Three types of elections were proposed and debated. They were:

— Members of the legislature and the executive should be ex-officio;

— Representatives should be returned by grand electoral college, comprising councillors at various levels, including the legislature, Urban Council, and even district boards;

— A mixed model combining features of the first two.

There should be about 60 local representatives in the 3,000-member NPC, it was suggested. This would be proportional to Hong Kong's population. Beijing, Shanghai and Tianjin have 82, 70 and 51 representatives respectively.

Members also touched on Hong Kong's obligations to China.

They said the local people should not be subject to conscription but in the case of national crisis or war they may volunteer to join the military services.

CPC ATTITUDE TOWARD NUCLEAR PLANTS VIEWED

HK011315 Hong Kong CHENG MING in Chinese No 106, 1 Aug 86 pp 6-8

["Notes on a Northern Journey" by Lo Ping: "Zhao Ziyang's Brain Trust Advocates Halting Construction of Nuclear Plants"]

[Text] Deng's and Hu's "Basic Views" Are Identical

What is the reaction of the CPC'S top echelons to the Hong Kong people's demand for a halt in the construction of the Daya Bay nuclear power plant?

As is known to all, the CPC is still basically practicing the patriarchal system or engaging in the practice of "what one person says goes." What Deng Xiaoping says often becomes a policy or a final decision.

Has Deng Xiaoping said anything about the Daya Bay nuclear power plant?

It is reported that neither Deng Xiaoping nor Hu Yaobang have any specific views about nuclear energy. Their general views are: First, we are not blindly opposed to it and second, we should attach importance to safety.

When the Secretariat of the CPC Central Committee held a meeting to discuss nuclear energy, Hu Yaobang aired the above-mentioned two "basic views." Deng Xiaoping's "basic views," which Hu relayed at the meeting, were also the same.

The Practice of "What One Person Says Goes" Also Changes Sometimes

Deng Xiaoping and Hu Yaobang have expressed their "basic views" in general terms. They do not seem to be in contradiction with the "basic views" of the Hong Kong people.

The Hong Kong people are not blindly opposed to nuclear power plants; they are only opposed to the construction of a nuclear power plant at Daya Bay. If the CPC chooses another site for the nuclear plant, which is a long distance from Hong Kong and which will not affect Hong Kong or make it easier for Hong Kong to meet a contingency should an accident happen it is believed that the Hong Kong people will not be opposed to it.

Of course, the Hong Kong people attach great importance to safety and call for ample safety measures in the construction of a nuclear plant. However, if a nuclear plant should be close to Hong Kong, they will take a sceptical attitude toward the feasibility and effectiveness of all safety measures.

In spite of Deng Xiaoping's and Hu Yaobang's views, I think Zhao Ziyang's view is very important.

The practice of "what one person says goes" has always been a common one in the CPC. But sometimes it is not so. This is a good phenomenon.

The Sanxia Project Is a Case in Point

On the question of the Sanxia project, Deng Xiaoping has said that it has "more advantages than disadvantges." Although these words carry the weight of nine tripods, the plan to set up Sanxia Province has been given up. A friend working in the preparatory organisation for the setting up of Sanxia Province recently told me: "The organisation has been disbanded and I am out of work." More important, it has been decided that the construction of the Sanxia Project will be delayed until further studies and designs.

The big turn or about-face, from getting ready to develop the Sanxia project to basically giving up its development, is inseparable from Zhao Ziyang.

Zhao Ziyang's objection to hurriedly developing the Sanxia project is also inseparable from the view of his brain trust.

Naturally, the views of the masses and the CPPCC have also played their parts.

The principal view of the brain trust, experts, and masses is that the Sanxia dam project will bring about a chain reaction on a series of questions, such as the ecology, environent, and natural resources of the entire Chang Jiang basin. The soil in a vast expanse of cultivated land will go bad, the areas producing industrial crops will suffer heavy losses, and some 10-20 counties will be inundated, making it necessary to move as many as 1 million people. [pargraph cotinues]

The losses caused by the inundation will be greater than any other large reservoirs in other parts of the world. Moreover, many key places of historic interest, cultural relics, scenic spots will be swept away. The Sanxia project will also bring about catastrophic earthquakes. If a war breaks out, the Sanxia project will become a target of attack...

Zhao Ziyang Has Influenced Deng Xiaoping

Zhao Ziyang was the first to accept the views of the brain trust, experts, and the masses. He later succeeded in winning over Deng Xiaoping's approval to postpone constructing the project.

This is a gratifying situation, which is vastly different from the construction of the Baoshan Iron and Steel Works. Almost all the relevant engineers in Shanghai were opposed to the construction of the works but their opposition came to nothing. Clinging obstinately to its course, the CPC Central Committee has incurred enormous losses to the state. By comparison, the CPC has made some progress in its work style and approach toward the Sanxia project.

A Reflection of Differing Views Within the CPC

Naturally, it was not all clear sailing for Zhao Ziyang to prevail over the view to go on with the Sanxia project because Li Peng, as well as his supporters, resolutely advocated developing the project. After a heated dispute between those for and against the project, Zhao Ziyang finally won.

The dispute was also reflected in varying degrees in newspapers and magazines. A newspaper in Beijing reprinted in a conspicuous place an article from a leftwing Hong Kong newspaper advocating the construction of the Sanxia project. But some newspapers and magazines put on a rival show by pushing some data showing that the state was reconsidering or canceling plans for big dams and hinted that the plan for the Sanxia project should be scrapped. This minor "data skirmish" reflected differences of opinion on the Sanxia project within the CPC.

Misguided by Information from Hong Kong

The top echelons of the CPC also have differing views on the question of Hong Kong people's opposition to the construction of the Daya Bay nuclear power plant.

At first, some senior officials erroneously believed the information from a certain source in Hong Kong, thinking that the call for a halt was issued by some Hong Kong people with "ulterior motives." Later, however, after obtaining first-hand data from relatively neutral newspapers in Hong Kong, they suddenly realized that the opposing views were widespread and that only a small number of people argued in favor of the Daya Bay nuclear power plant. (Editor's note: The number of people calling for a halt in the construction of the Daya Bay nuclear power plant has exceeded 1 million. In the Legislative Council, there are a few at each extreme and many in between. At a Legislative Council meeting, Allan Lee criticized a playbill opposing the construction of the nuclear plant; Martin Lee, however, expressed a differing view. The middle-of-the-roaders have kept silent.)

For this reason, the Hong Kong and Macao Affairs Office and the Secretariat of the CPC Central Committee cannot but reconsider the issue.

From the publicity posture of the CPC we can feel this trend. It is said that the Propaganda Department of the CPC Central Committee has been instructed to notify press units and relevant institutions, newspapers, and magazines that they should not release or publish without authorization reports or comments on Hong Kong people's reactions to nuclear power plants. In carrying out publicity toward Hong Kong and abroad, it is necessary to stress the safety of the Daya Bay nuclear power equipment and the safety measures for nuclear power and to be prudent in treating and dealing with opposing views. One should not unwarrantedly stick labels on people who call for a halt in the construction of the nuclear plant.

Zhao Ziyang's Remark

Many cadres in Beijing know that Vice Premier Li Peng likes to show off. He hopes to win the premiership in exchange for the great achievements in his official career. For this reason, he resolutely favored the construction of the Sanxia project and the Daya Bay Nuclear Power Plant. They also know that Premier Zhao Ziyang does not approve of the continued development of the Sanxia project. However, they do not have any information about Zhao Ziyang's attitude toward the Daya Bay Nuclear Power Plant.

By chance I met a person working in Zhao Ziyang's brain trust. When I asked him about Zhao's attitude toward nuclear energy, he said:

"On the macro level, Premier Zhao entirely agrees with Deng's and Hu's views: First, we are not blindly opposed to it and second, we should attach importance to safety. On the micro level, the premier has his own view."

"What is his view?"

"Last May, Zhao Ziyang went to Chongqing to inspect the site of the Sanxia Dam. He said to the local people concerned: 'The Sanxia Dam is not a technical but a political question. It is a question of what attitude the Communist Party should take toward democracy. What should we do if one-third or two-thirds of deputies should cast dissdenting votes when the Sanxia project is put to the vote at the NPC meeting?' We can thus see that Zhao Ziyang attaches great importance to the views of the masses. In truth, the question of the Daya Bay nuclear power plant is no longer a purely technical one. Is it possible that Premier Zhao's attitude toward this question is totally different from his attitude toward the Sanxia project?"

Most People in the Brain Trust Are Inclined to Stop or Postpone Constructing the Nuclear Power Plant

"Do you mean that so long as the Hong Kong people insist on halting the construction of the Daya Bay Nuclear Power Plant, Zhao Ziyang will comply with the popular will?"

"As Zhao Ziyang's advisors, we are in the majority and we agree with the proposal to find another site for the construction of the nuclear plant. In our view, it is not worthwhile if, because of a nuclear power plant, the Hong Kong people should be worried causing political instability and even affecting stability and prosperity. In doing so, the economic results will be out of the question and the political results will even be negative. At first, in raising the idea of constructing the Daya Bay nuclear power plant, one of our motives was to reassure the Hong Kong people. If the result should be contrary to our expectations, it is necessary to make a quick turn or at least to give the matter further thought."

"Do you mean halting or postponing the construction?"

"In Cantonese, 'postponing construction' always means 'delaying action,' doesn't it?"

From his "treasure box" this frank and straightforward friend picked up a copy of SHIJIE JINGJI DAOBAO dated 7 July. Handing it to me, he said: "There is a page in it dealing with nuclear energy. You should pay attention to it."

It was a professional newspaper backed by Zhao Ziyang. Some of the writers are fairly authoritative. They are either academics at the Academy of Social Sciences or senior people from the brain trust.

The Trend Is To Halt Constructing the Nuclear Power Plant

The 7 July SHIJIE JINGJI DAOBAO can be regarded as dealing exclusively with nuclear energy on page 13. An article entitled "The Chernobyl Accident and the Secret Worry of High Technology" is featured prominently. There are two paragraphs in it which merit our special attention:-

"Since 26 April this year, the literally unknown Chernobyl has immediately become the focal point of world attention. The Netherlands, which is on the eve of general elections, the Philippines under the Corney Aquino government, and socialist Yugoslavia have reacted by postponing or halting their nuclear energy programs; the ruling and opposition parties in Europe have also stepped forward to explain their attitudes toward, and their positions on, nuclear energy."

That is to say, postponing or halting nuclear energy programs has become a trend on the international political arena. A lot of fresh data can be added. One is that Fred Sinowatz, Austrian chancellor and chairman of the Austrian Socialist Party, originally favored the use of Austria's only nuclear plant, which had been completed but which had not been put into operation. However, due to the strong opposition by the masses, he complied with the popular will during the general elections (he wanted to renew his term of office) by renouncing the use of the nuclear power plant.

An Authoritative Publication Affirms the Anti-Nuclear Movement

Another paragraph in this article is even more meaningful: "Compared with spacecraft, nuclear energy technology is consedered more mature. It left laboratories long ago and moved toward practical application. It has occupied a certain position in the total generated electricity of many countries. According to statistics, from 1971 to 1984, 151 nontrivial accidents occurred in 14 countries with this 'mature' technology. For this reason, when the Chernobyl accident happened, thousands of nuclear protesters in Eastern and Western Europe took to the streets. When they held high the placard "It Will Be Our Turn Next,' we cannot but say that they have raised a powerful slogan."

Over the past 13 years, 150-odd "non trivial" accidents occurred in 14 countries. The figure itself is "non trivial" matter. Is the "theory of nuclear safety" tenable in the face of facts? The article has positively appraised ("We cannot but say that they have raised a powerful slogan") the slogan (such as "It Will Be Our Turn Next") raised at the high tide of tne anti-nuclear movement in Europe after the Chernobyl accident.

This merits our particular attention. However, if a person should negate the anti-nuclear movement in Hong Kong while affirming the anti-nuclear movement in Europe, would not his logic present a problem and would his article be published in a high-level publication?

It Is Difficult Not To Be Worried About Nuclear Energy Technology and Management

On page 13, SHIJIE JINGJI DAOBAO also carried two articles entitled "Serious Nuclear Accidents Since the 1950's" and "The Effect of the Soviet Nuclear Power Plant Accident on Western Countries." The former was a translated version of selected passages from MOSCOW NEWS and the latter was extracts from a TIMES article. The TIMES carried the article with the aim of showing that the Soviet nuclear disaster did people great harm and the MOSCOW NEWS carried the article with the aim of showing: "You see, nuclear accidents have not happened in the Soviet Union alone, they have likewise happened in the United States, Britain, Germany, and France." The publication of these data in SHIJIE JINGJI DAOBAO shows that nuclear energy technology and management have not reached such a level as to make people feel at ease.

It is also interesting to note that a picture of anti-nuclear demonstrations in Britain was published on this page. The caption is: "The members of the London environmental organizations took to the streets, calling for a halt in the building of new nuclear reactor installations. The slogan reads: "Windscale, Three Mile Island, Chernobyl, How Many Nuclear Accidents Will There Be?"

From SHIJIE JINGJI DAOBAO alone we can also see that Zhao Ziyang's Brain Trust agrees to halt or postpone constructing the Daya Bay Nuclear Power Plant.

So Long As Hong Kong Persists in and Strongly....

Naturally, like the question of the Sanxia project, the people in the CPC's top echelons who approved the construction of the Daya Bay Nuclear Power Plant are still fairly stubborn. Some newspapers and magazines have carried an article entitled "The Nuclear Power Plant Is Not an Atom Bomb" and the party's mouthpieces have also published a series of articles and data on nuclear safety. This precisely shows that some people in the top echelons are so impenetrably thickheaded that they do not want to "retract their order" in spite of the popular will.

I believe, however, that after his return from abroad, Zhao Ziyang will take into serious consideration the views of his brain trust and the Hong Kong people.

I also believe that so long as the Hong Kong people persist in, and strongly express, their demand for halting the construction of the Daya Bay Nuclear Power Plant, they will not achieve nothing. The question is whether they can persist in it and strongly express it.

I ask a blessing for the Hong Kong people -- the blueprint for the nuclear power plant will erase the three characters meaning Baya Bay!

WEN WEI PO ON RELATIONS BETWEEN GOVERNMENT, PEOPLE

HK040837 Hong Kong WEN WEI PO in Chinese 4 Aug 86 p 17

["Exploration" column: "The Relations Between the Government and the People"]

[Text] Comrade Deng Xiaoping pointed out: "Our socialist modernization program will enable our country to catch up with the developed capitalist countries in the economic aspect, will create a democracy higher and more realistic than deomocracy in capitalist countries in the political aspect, and will cultivate more talent than in these countries.... These three points should be used as a criterion for judging whether various systems of our party and state are good and perfect." These three points put forward by Comrade Deng Xiaoping also apply to the political structural reform in our country.

The main purpose of political structural reform is to promote political development. Here, political development refers to the modernization of our political life. The process of political development is also a process of democratizaion. The goal of political development can be summarized into two points: First, raising the degree of democratic participation (which marks the scope of political development); and second, perfecting the system of balances and checks (which marks the depth of political development). Some comrades summarize the objectives into five points: 1) Democratic participation; 2) a sound legal system; 3) the highly efficient operation of the administrative organs; 4) honest and incorruptible government; 5) scientific decision-making procedures and organization. A political structural reform is imperative in order to achieve all these objectives.

It is necessary to adjust the relationship between the government and the people. This is a substantive part of the democratization process and must be handled from a high level. Under the present conditons in our country, this adjustment mainly refers to narrowing the scope subject to the management of the power organs. The previous rigid and excessive control over people's lives should be changed. This will help fully arouse the people's initiative. This process is also a process of expanding socialist democracy. It is certainly important to raise the administrative efficiency of the government; however, without the people's initiative and participation, there will not be a dynamic and vivid political situation in which people have freedom and are well disciplined and the nation has a unified will while every person has his own ideas. In addition, we must create favorable political conditions for consolidating peace, stability, and unity and for social and economic development. To achieve this purpose, it is necessary to develop socialist democracy, perfect the socialist legal system, and scientifically solve the issues of power division and the mechanisms of balances and checks through adjusting the political structure. Many foreign people are concerned about the continuity of our current policies. In the sense of adhering to the orientation of reform, preventing social unrest, and preventing backpedalling to the previous leftist line, it is certainly necessary to maintain the continuity of our policies. However, this can only be guaranteed by a sound system of rule by law rather then by a system of rule by man, which is another form of the hereditary system. In this sense, political structural reform is a fundamental way to guarantee the continuity of our current policies.

In recent years, some "unhealthy tendencies" of abusing power in pursuit of private gains have appeared. These evil things are strongly tinged with a feudalist color. In this sense, the residual influence of feudalism is the main source of such "unhealthy tendencies." It has also distorted many good reform measures and hindered them from brining about the expected good results. [paragraph continues]

On the other hand, some serious difficulities were caused which aroused the people's resentment. In addition, it also hindered our country from changing from rule by man into rule by law. Without thorougly overcoming the feudalist concept of "power overrides law," democratization will merely be empty talk and the people's democratic rights will not be really guaranteed. Therefore, continuing to eliminate the residual influence of feudalism in the ideological and political fields is the key to success in realizing democracy and in overall reform.

ALL-ROUND CONTRACT SYSTEM OF EMPLOYMENT IMPLEMENTED

HK011308 Hong Kong MING PAO in Chinese 29 Jul 86 p 5

[Special Dispatch from Beijing: "China Temporarily Suspends Recruitment of Workers and Staff Members, Universally Implements the Contract System"]

[Text] The contract system in recruiting workers and staff will be universally implemented in China from now on in all units under ownership by the whole people. This in an important reform in China's labor system.

Based on a recent report of "ZUZHI RENSHI XINSHI BAO" [ORGANIZATION AND PERSONNEL GAZETTE,] in order to smoothly implement provisional regulations on the reform of the labor system to be made public soon, the State Council has issued a circular, notifying that state-run enterprises are to suspend work in recruiting workers and cadres, and cadre transfer between 18 June and 30 September, an to stop "children replacing parents in jobs" procedures. State organs, institutions and social organizations should likewise act on this stipulation. However, work distribution of college, intermediate technical school, and vocational school graduates, and work arrangements for demobilized PLA officers, and demobilized PLA men in urban areas may go on as usual.

In recent years, the contract system has been implemented in some enterprises under ownership by the whole people in employing some workers. By April 1986, a total of 3.46 million workers had been employed based on the contract system throughout the nation.

Practice has proved tht the implementation of the labor contract system is more advantageous than the life-long work employment system based on the monopolized and unified work distribution system, in the growth and rational employment of qualified people, in giving play to workers' initiatives, as well as strengthening enterprise vitality.

The monopolized and unified work distribution system was copied from the Soviet Union. The East European countries as well as the Soviet Union have long discovered the malpractices of such a system, and have universally implemented the labor contract system. More than 20 years ago, the Soviet Union restored the right of enterprise workers and staff to freely transfer jobs. Despite the changes in the leadership, enterprise workers and staff have been given greater rights in their free selection of jobs, and all along it has been one of the core policies of the Soviet labor administrative system.

Take Hungary for another example. Hungary had likewise copied the Soviet practice, and implemented the centralized and unified control of labor forces; but with all-round development of the reform of its economic structure, its enterprises have adopted the contract system in recruiting workes and staff. The practice of the Soviet Union and these East European countries has also demonstrated the good effects of the labor contract system.

JIEFANGJUN BAO HITS AT POOR ARMED FORCES MANAGEMENT

HK040437 Hong Kong MING PAO in Chinese 2 Aug 86 p 5

["Special dispatch from Beijing": "JIEFANGJUN BAO Reporter's Investigtion Shows Low Standard of Armed Forces Management, Concept of Management Needs Renovating"]

[Text] The standard of management of China's Armed Forces is very low and cannot meet the demands of modernizing national defense. It is urgently necessary to renovate the concept of management, improve mangement methods, and solve problems in many fields in the management of combat, training, logistics, talent, and so on.

According to a JIEFANGJUN BAO reporter's investigtion, there are two problems that particularly stand out among the many current problems in the Army:

1. Lack of a concept of system, and too heavy a burden being shouldered by the companies. Although the Armed Forces organs have been streamlined as a result of reogranization, the companies are still in a rush and a muddle due to the fact that different leading departmnts are issuing different orders and instructions.

First, there has been an increase, not a decrease, in the number of meetings of various types. In one company, for instance, the upper-level leading organs convened four on-the-spot meetings in 2 weeks on the topics of equipment, education in "possessing four qualities," offensive tactics, and administrative management. In addition the instructor of a certain company had to attend 42 upper-level meetings in a course of a month [as published].

Second, there is a constant stream of work teams. For isntance, a certain company was visited by 35 work teams of division-level and above in the first half of this year.

Third, there is a constant stream of circular being issued. For instance, a certain regiment made arrangements for every company to spend 11 days before 15 July incompleting comparison and examination in party rectification; the divisional leadership ordered that 8 of the first 10 days of July be sepent conveying the spirit of three conferences of the military region; and the group army issued a circular on spending 3 of the first 10 days of July in rectifying work style. The organs at various levels arranged 22 days of work for the companies to be done in only a half a month, and the companies' timetable turned into a meaningless ornament like a deaf man's ear. Their entire work had to be centered on telephone calls.

The excessive burden borne by the companies reflects the organs' confused management of the companies. It is therefore urgently necessary to master and apply scientific knowledge of modern managent methods, such as establishing the concept of systems, defining all-round goals, organizing coordination between departments, and so on, as to bring into effective play the functions of the command organs in planning, organization, coordintion and control. Only thus can the organs manage things in orderly way and can the companies work in a norml manner.

2. Narrow-minded ideas on management, and too many punishments being awarded. For instance, a company of a certian regiment awarded 19 punishments on soldiers last year and and a further 11 in the first 4 months of this year.

According to a analysis carried out by the divisional political department, only 10 of these 30 punishments were merited, while 12 were not merited and 8 were not really necessary. The phenonmenon of an increase in the number of punishments existed in all the other companies also.

It is said that in managing their soldiers, officers can no longer rely on the past method of holding out entry into the party and promotion to cadre rank as incentives; now they rely on a combination of spiritual and material rewards, but the funds for monetary rewards that filter down to the companies are extremely small (because the Army, the division, and the regiment all need to retain corresponding funds for rewarding merit). If the companies cannot reward the soldiers, punishment is the only method of administrative management left.

The core of the management in the Armed Forces is man managment, and there is a great variety of management means. Hence, it is now extremely essential to guide the officers at all levels to systematically learn modern management, renovate their ideas on management, and improve their standard of management.

SHIFT IN TAIWAN'S REUNIFICATION POLICY SEEN

HK050339 Hong Kong SOUTH CHINA MORNING POST in English 5 Aug 86 p 9

[By Terry Cheng]

[Text] Omission of a stereo-typed phrase in a recent speech by President Chiang Ching-kuo of Taiwan has caused speculation that the Kuomintang Government has made a tacit shift in its policy of reunification with Mainland China.

In a statement to a meeting of the Academia Sincia held late last month in Taipei, Mr Chiang said the goal of China's reunification was a democratic and free country.

He said Taiwan would continue to work ceaselessly for this goal. However, he did not mention reunification under the Three Principles of the People (democracy, people's livelihood and nationalism).

In the past top leaders of Kuomintang Government, including Mr Chiang himself, have urged Beijing to give up communism and adopt the Three Principles of the People.

In fact, Taipei has insisted on Beijing's adoption of the principles as a condition for negotiations.

The omission of the standard reiteration of the three principles, according to some leftwing observers, is a tacit policy shift by Taipei.

A commentator of pro-Beijing WEN WEI PO wrote yesterday that the omission was a Kuomintang concession to the Communist Party on the mainland.

The commentator, a former editor-in-chief of the newspaper, wrote that Beijing's "one country, two systems" was a concession by the Communist Party to the Kuomintang.

"Mutual understanding and mutual accommodation and rapprochement is a new road and a new phenomenon between the Kuomintang and the Communist Party. This is the dawning of China's reunification," he wrote.

The speculation was considerably fuelled by an editorial of the Taipei-backed HONG KONG TIMES yesterday on the 37th anniversary of the paper's founding.

The editorial said at its conclusion that it was hoped that with the joint effort of the Overseas Chinese, the goal of reunifying China under democracy and freedom would be achieved earlier.

However, rightwing analysts in Hong Kong said it was still too early to conclude that Taipei had dropped its demand that China should be reunited under the Three Principles of the People.

Mr Chiang has said on previous occasions that a democratic and free China was the aim of reunification and it was not necessary for him to repeat the stereotyped phrase in every speech, they said.

And the analysts argued the leader might prefer to use terms such as "democracy" and "freedom" in a speech made to members of the Academia Sinica, many of whom were residents in democratic countries such as the United States and West European countries.

DAILY REPORT

CONTENTS

China

Vol 1 No 152 7 August 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

XINHUA Analyzes OPEC Decision To Cut Oil Output A 1
Report on Warsaw Pact Disarmament Proposal [SHIJIE ZHISHI 16 Jul] A 2

SOVIET UNION

USSR's Kapitsa on Border Troop Reduction C 1
PRAVDA Links PRC Trade Fair to Better Ties C 1
Mrs Gorbachev Visits PRC Trade Fair C 2
Arkhipov in PRC 'Undergoing Acupuncture Treatment' [AFP] C 2

NORTHEAST ASIA

PRC, Mongolia To Start High-Level Talks 8 Aug [KYODO] D 1
RENMIN RIBAO on ROK Constitution Revision [1 Aug] D 2
DPRK Provincial Party Delegation Visits Jiangsu D 3
Problems Cited in Investing in Shanghai [KYODO] D 3

WESTERN HEMISPHERE

PRC Denies Brazilian Satellite Launch Agreement [CHINA DAILY 7 Aug] J 1
Panamanian Parliamentarians Continues Visit J 1
    Leave for Guanghow J 1
Colombia Attaches Importance to Ties With PRC J 2
Agriculture Minister Leaves for Canada Visit J 2

PRC NATIONAL AFFAIRS

Leaders Criticize Bureaucratism at Meeting [BAN YUE TAN 25 Jul] K 1
Wan Li Discusses Beijing's Urban Reform K 2
RENMIN RIBAO on Building Civilized Villages [2 Aug] K 4
Leading Officials Guide Work in Grassroots K 5
University Leaders Gain Policymaking Power K 6
GUANGMING RIBAO Views Labor Under Socialism [26 Jul] K 7
National Civil Aviation Meeting Opens in Beijing K 9
    Five Airlines Operating K 10
Aviation Ministry Plans Massive Exports Boost [CHINA DAILY 5 Aug] K 10
'Wenzhou Pattern' Provides Guide for Rural Areas [JINGJI RIBAO 31 Jul] K 11
Wang Bingqian at National Financial Conference K 12
Central Bank To Tighten Loan Issue, Supervision K 14
Tian Jiyun on Current Economic Situation K 15
GUANGMING RIBAO on Enforcing Bankruptcy System [26 Jul] K 17

GUOJI SHANGBAO on Improving Foreign Investment [21 Jul] K 18
Air Force Modernizes Aircraft Maintenance K 20
Yang Dezhi Addresses Camp for Soldiers' Children K 21
All-Army Mass Work Directors' Meeting Ends K 21
CHONGQING RIBAO on History of Rocket Use [21 Jul] K 22
Shaanxi-Hebei Railway Assessed, Planned K 24
Wan Li Attends Urban Reform Meeting in Tianjin K 25
Wan Li Urges Democratization of Policy Making K 25
LIAOWANG Reports on Rural Employment Issue [OVERSEAS EDITION 28 Jul] K 26
Hao Jianxiu Visits Geothermal Power Plant K 28
Hao Jianxiu Ends Visit to Xizang 31 July K 28
GUOJI SHANGBAO on Goals for Export Structure [17 Jul] K 32
Xi Zhongxun, Tian Jiyun View Appliances Exhibit K 33
Kang Shien, Sun Weiben Attend Games Opening K 34
Wan Li Meets Visiting Foreign Soccer Teams K 34

PRC REGIONAL AFFAIRS

EAST REGION

Anhui Secretary Speaks on Rural Reform O 1
Shandong Improves Prospects for Retired Soldiers O 2
Qingdao Economic-Technical Zone Developed O 3
Group to Divert Huang He Course Near Shandong O 4
Shanghai Leaders Attend Army Day Meeting O 5

CENTRAL-SOUTH REGION

Guangzhou Cadres Get People's Vote of Confidence P 1
Haikou Holds Foreign Economic Relations Meeting P 1
Henan To Select Provincial Bureau Directors P 2
Hubei Provincial Departments Support Army Reform P 3
Hubei Secretary Speaks on Ideological Work P 3

SOUTHWEST REGION

Sichuan Makes Arrangements for Spark Plan Q 1
Yunnan Floods Disrupt Roads, Communications Q 1

NORTH REGION

Chen Xitong Speaks at Beijing Analysis Meeting R 1
[BEIJING RIBAO 26 Jul] R 1
Beijing Meeting on Correcting Malpractices R 2
[BEIJING RIBAO 30 Jul]
Nei Monggol Seeks Foreign Economic Cooperation R 2
Nei Monggol Delegation Returns From Austria R 3
Hohhot Writers Comment on Literary Atmosphere R 3
Shaanxi Meeting Urges Struggle Against Economic Crime R 4

NORTHEAST REGION

Heilongjiang Leaders Hear Antiflood Briefings S 1
Heilongjiang Leaders at Daqing Project Ceremony S 1
Heilongjiang Forum on Legal System S 2
Jilin Secretary Inspects Flood Situation 30 Jul S 2
PRC's First Stock Market Opens in Liaoning S 3
Liaoning Province Boosts Exports, Improves Trading S 3
Liaoning Holds Standing Committee Meeting [LIAONING RIBAO 17 Jul] S 4
LIAONING RIBAO Editorial on Economic Problems [17 Jul] S 5
Liaoning Delegation Returns Home From DPRK [LIAONING RIBAO 19 Jul] S 6
Flood Situation in Northeast Region 'Serious' S 6

NORTHWEST REGION

Ningxia Plans Law-Making Program for 5-Year Plan [NINGXIA RIBAO 21 Jul] T 1

XINHUA ANALYZES OPEC DECISION TO CUT OIL OUTPUT

OW061138 Beijing XINHUA in English 1122 GMT 6 Aug 86

["News Analysis: OPEC Decision Heralds End of Oil Price Decline (by Ren Zhengde)" -- XINHUA headline]

[Text] Geneva, August 5 (XINHUA) -- The decision of the Organization of Petroleum Exporting Countries (OPEC) to slash drastically its production conforms with the economic needs of OPEC members, and if carried out, will end the oil price decline, analysts said.

After two rounds of negotiations in the past four months, the 13 OPEC member countries, except Iraq, agreed on Tuesday to maintain their 1984 production quotas, totaling 14.8 million barrels per day, in the next two months. During that time they will continue to seek a lasting solutin to the problem of production quotas.

Iraq, which has not joined the interim accord for "political reasons," also promised to cut its daily production to 1.2 million barrels from the current 1.9 million barrels. This will reduce OPEC's oil production to a "just level" of 16 million barrels a day from the current 20 million barrels a day.

OPEC, which took over the right of pricing from Western oil consortiums in 1973, had maintained successfully a high oil price for seven years by limiting its production. However, OPEC has been losing its control of the market since 1981, as non-OPEC countries, such as Britain, capitalized on OPEC's production limitation to expand their market shares and the total world oil supply began to exceed demand.

In order to retrieve lost markets and ensure their incomes, OPEC members decided last December to increase output, a strategy designed to beat their rivals with cheap oil.

Oil prices since have fallen to less than 9 U.S. dollars per barrel from about 28 dollars. But, the drastic price slump has caused OPEC countries to lose 200 million U.S. dollars a day.

The price decline has not only diminished the incomes of the OPEC members but also those of non-OPEC Third World oil producing countries. This is triggering a world-wide financial crisis and unstable world economy because poor oil-producing countries are defaulting on their debts.

As a result, many countries, either buyers and sellers of the oil, have called for a "rational oil price" to stabilize the oil market and to stem the oil price slump.

Many analysts in Geneva said OPEC's decision to reduce production, which immediately pushed up oil prices on the European spot market by 30 percent, is in the interests of OPEC members and may well lead to shoring up the world econony.

OPEC's interim decision comes in the wake of five months of quarrels among OPEC members. While Saudi Arabia and other rich OPEC members insisted on the December strategy to exert pressure on non-OPEC oil producing countries, some poorer OPEC members, such as Iran, urged a return to previous policies.

Because OPEC members have taken different positions on the Iran-Iraq war, it also was difficult for them to decide production quotas for the two countries.

However, the fact that OPEC members finally came out with an agreement prove wrong the Western assertion that the organization "is falling apart" and domestrated its will to stabilize the world oil market, the analysts noted.

REPORT ON WARSAW PACT DISARMAMENT PROPOSAL

HK060933 Beijing SHIJIE ZHISHI in Chinese No 14, 16 Jul 86 pp 4-5

[Article by Wu Jun: "Warsaw Pact Puts Forward New Proposal on Disarmament"]

[Text] On 11 June, the Warsaw Pact appealed to NATO and European countries, calling for large-scale disarmament in Europe, which, the Warsaw Pact suggested, could be carried out in two stages. The first stage: Within 1 or 2 years, the Warsaw Pact and NATO will each by reduce their military forces by 100,000 to 150,000; the second stage: by the beginning of 1990's, the Warsaw Pact and NATO will have reduced their respective military forces in Europe by 25 percent, namely a reduction of 500,000 troops on each side. The Warsaw Pact's proposal also called for a simultaneous reduction of the tactical attack [zhan shu da ji 2069 2611 2092 2345] air forces and strategic theater nuclear weapons whose firing range is less than 1,000 km.

Althougth the proposal was put forward by the Warsaw Pact, the general principle for the proposal was already announced by Mikhail Gorbachev, general secretary of the Soviet Communist Party in the German Democratic Republic on 18 April. So world opinion belives that the Warsaw Pact's new proposals is just a component part of a series of proposals on disarmament put forward by the Soviet Union.

Comparied with the past Soviet proposals on disarmament in Europe, the new proposal put forward by the Warsaw Pact has some new proposals:

1. For the first time, the Soviet bloc has put forward a proposal on disarmament in all Europe. The past Soviet proposal on disarmament in Central Europe only included east of the Rhine, west of Wisla, south of the Baltic Sea north of the Alps while the proposal on disarmament put forward by Warsaw Pact this time included all of Europe from the Urals ot the Atlantic, covering a far wider area than before. The past Soviet proposal on disarmanent in Central Europe only included the NATO troops stationed in West Germany, the Netherlands, Luxembourg and Belgium and the Warsaw Pact troops stationed in the GDR, Czechoslovakia and Poland while the proposal on disarmament put forward by the Warsaw Pact this time called for a reduction of troops in 33 European countries and U.S. and Canadian troops stationed in Europe, thus involving a much bigger reduction of troops.

2. The Warsaw Pact's new proposal has made specific requirements for a reduction of military forces, such as the two stages of disarmament: 100,000-150,000 and 500,000 respectively, and so on.

3. The Warsaw Pact's new proposal made further concessions on the question of nuclear verification, clearly proposing the use of different methods of nuclear verification at different stages, such as the use of national technological methods and international technological methods to carry out nuclear verification, even including necessary spot checks; the Warsaw Pact's new proposal also proposed the establishment of an international consultation committee comprised of representatives of the NATO and the Warsaw Pact countries, the relevent neutral countries, nonaligned countries and other European countries, and the establishment of supervision stations formed by the representatives of the international consultation committee at the hub of major railroads, major airports and major ports. The West thought that compared with the Soviet bloc's past attitude of avoiding the question of nuclear verification, this new proposal put forward by the Warsaw Pact has indeed shown some flexibility on the side of the Warsaw Pact.

Why did the Warsaw Pact put forward such a proposal? Public opinion in the West believes that the Soviet Union is trying to coordinate this proposal with the disarmament talks in Europe and under take a peace offensive through a disarmament agreement in order to gain the initiative.

Presently, two talks on disarmament in Europe are being held. One is the Conference on Disarament in Europe [CDE] held in Stockholm. The conference is being held according to the resoluton of the subsequent meeting of the European security conference held in Madrid. The CDE held in Stockholm is attended by 33 European countries, and the United States and Canada. Eight rounds of negotiations have been held since the conference first began at the beginning of 1984. The first stage of the conference will discuss trust measures and will end in September this year. The subsequent meeting of the European security conference will be held in Vienna in November this year, which will decide whether the conference will enter the second stage to discuss the question of disarmament in Europe. So, the proposal on diarment first put forward by the Soviet Union is aimed at gaining a favorable position at the next round of the CDE. Another meeting is the negotiation on a common reduction of troops and arms in Central Europe (simply called the Central European disarmament negotiations). The meeting will be attended by seven NATO countries (Belgium, the Federal Republic of Germany, the Netherlands, Luxembourg, Britain, the United States and Canada) and four Warsaw Pact countries (Poland, the GDR, Czechoslovakia, and the Soviet Union). Besides, five other NATO countries and three other Warsaw Pact countries will attend the meeting as observers. Thirty-nine rounds of negotiations have been held since 1974. Although the two blocs have put forward their own plans for arms reduction, they have not reached an agreement owing to their differences on some fundamental questions.

The Warsaw Pact's new proposal has not made any concessions on some substantive questions, which can mainly be seen in the following three aspects:

1. On the question of whether the Warsaw Pact and NATO will carry out parallel arms reduction or proportionate arms reduction. NATO thinks that Warsaw Pact now is 150,000 to 200,000 more troops and a larger number of armored vehicles in Central Europe than NATO. And throughout Europe, the Warsaw Pact has also gained the upper hand. For example, the Warsaw Pact has approximately four million troops in Europe while NATO has only 2.6 million troops. Because of the imbalance of military forces in Europe, if parallel arms reduction is to be carried out the Warsaw Pact's military superiority in Europe will increase. [paragraph continues]

Therefore, NATO has insisted on carrying out proportionate arms reduction with the Warsaw Pact. Thinking that the military stengths of the two big military blocs are now generally balanced, the Warsaw Pact now still insists on carrying out parallel arms reduction. The Warsaw Pact's latest proposal on the reduction of 100,000 to 150,000 and 500,000 armed forces was put forward according to the principle of parallel reduction. So NATO immediately pointed out that the proposal has ignored the fact that the Warsaw Pact now has superiority in conventional armed forces.

2. On the question of whether to include tactical nuclear weapons in arms reduction. NATO has always wanted to use its nuclear superiority to offset the Warsaw Pact's conventional superiority and demanded the European disarmament talks be limited to the reduction of conventional weapons. Although the United States has withdrawn 1,000 nuclear warheads, the West has always thought that the question of nuclear weapons, which is very complicated, should not be included in the European disarmament talks. So this time, NATO will probably not accept the Warsaw Pact's proposal to include the reduction of nuclear weapons in the European disarmament talks.

3. On the question of how to deal with the reduction of military equipment. In its latest proposal, the Warsaw Pact suggests that the reduced part of military forces be disbanded according to military organization, such as corps, units and elements. The reduced part of military equipment and armament can either be destroyed or stored on each other's own land according to stipulations. This means that the reduced part of the Soviet military equipment and armament can either be destroyed or transported to the east of the Urals while the reduced part of the U.S. and Canadian military equipment and armament an also be destroyed or transported back to the other shore of the Atlantic. Because the Soviet Union has natural geographic advantages, in a case of emergency, it will be able to transport its military equipment and armament back to the front within a short time while the United States and Canada will need to transport their military equipment and armament back to the front by travelling across the ocean. So the United States thinks that such a new proposal will be detrimental to its "forward-deployment" strategy.

Since the Warsaw Pact put forward its proposal on the reduction of military forces in Europe, the responses of the Western countries have generally been cautious. A representative of NATO has said that NATO will carefully consider the proposal and ask the special work group specialized in the study of conventional weapons to study the proposal while a spokesman for the United States has stressed that the West has put forward its own proposal and the Warsaw Pact should first of all make a positive and constructive response at the Central European disarmament talks and at the European disarmament conference.

Observers think that at present the Warsaw Pact's proposal is just a bargaining position in the negotiation on reducing military forces in Europe, and in the future, the two sides will continue to bargain for a long time. It is generally predicted that the latest Warsaw Pacts proposal will probably be discussed at the second stage of the Stockholm European disarmament conference or will result in having the Vienna Central European disarmament talks include all of Europe so that other European countries can participate in the talks or in the setting-up of a new special forum on disarmament on Europe.

USSR'S KAPITSA ON BORDER TROOP REDUCTIONS

OW061507 Beijing XINHUA in English 1450 GMT 6 Aug 86

["Soviet Union Proposes Border Troop Reduction Talks With China" -- XINHUA headline]

[Text] Moscow, August 6 (XINHUA) -- A Soviet official today said his country is ready to start talks with China on troop reductions along the Sino-Soviet border.

Speaking at a press conference, Deputy Foreign Minister Mikhail Kapitsa repeated Soviet leader Mikhail Gorbachev's earlier offer to withdraw a "considerable portion" of its armed forces from Mongolia. On the current Soviet position on Sino-Soviet border issues, Kapitsa said the official border might pass along the main ship channel, stressing what Gorbachev stated in a major speech made in the Soviet far eastern city of Vladivostok on July 28.

On other issues, Kapitsa said Gorbachev and Japanese Prime Minister Yasuhiro Nakasone have already accepted invitations to visit each other's countries, although the dates are yet to be worked out. He said the two leaders have not decided whether the first summit will be in Tokyo or Moscow, but preparations are underway for Gorbachev's trip to Japan.

Kapitsa said Japanese-Soviet disputes over some issues, including the Japanese concern over the fate of the four islands north of Japan which the Soviets have occupied since the end of World War II, should not hamper relations between the countries.

Kapitsa said Moscow will make an announcement in a few days on whether to extend a year-long unilateral moratorium on nuclear testing, which expires today. "Many statesmen and political figures of foreign countries have addressed and are addressing the Soviet Government in connection with the question of an extension of the unilateral moratorium on any nuclear test," he said. He added, "This question will be considered with due regard for these addresses and for how much, in our evaluation, the United States is seriously prepared to negotiate an end to nuclear tests."

The Soviet Union began its moratorium on nuclear tests August 1985 and has extended it several times. In May, Gorbachev extended the moratorium until August 6 and renewed a call to U.S. President Ronald Reagan to meet him in a European city or Hiroshima to discuss a permanent nuclear test ban. Washington rejected the idea.

PRAVDA LINKS PRC TRADE FAIR TO BETTER TIES

OW061232 Beijing XINHUA in English 1220 GMT 6 Aug 86

[Text] Moscow, August 6 (XINHUA) -- Four days before a Chinese trade fair ends in Moscow, the official Soviet newspaper PRAVDA today said there is great potential for Sino-Soviet economic cooperation. In an article entitled, "From Toys to Satellites", the daily said the Soviet people are very interested in the rich and colorful display of Chinese goods, ranging from sophisticated electronic equipment to textiles and food, exhibited at Sokolnikiy park. Soviet fairgoers' great interest shows their desire to look into the contemporary lives of the Chinese people, PRAVDA said. The newspaper said the exhibition has linked people to the idea of further development of Sino-Soviet economic ties.

The fair, which opened July 25 with more than 4,000 exhibits, is the first China has held in the Soviet Union since 1953. When it closes on August 10, an estimated 340,000 Moscovites will have had a glimpse of contemporary Chinese life.

MRS GORBACHEV VISITS PRC TRADE FAIR

OW070600 Beijing XINHUA in English 0543 GMT 7 Aug 86

[Text] Moscow, August 6 (XINHUA) -- Raisa Gorbacheva, wife of Soviet leader Mikhail Gorbachev, and Aleksandra Biryukova, secretary of the Central Committee of the Soviet Communist Party, visited a Chinese economic and trade exhibition in Sokolniki Park today. A smiling Gorbacheva asked many questions about the exhibits, particularly a precision laser instrument, a tapestry with a design of the Great Wall on it, procelain vases and handicrafts.

Meanwhile, Biryukova, who became the only female member of the Secretariat of the Central Committee of the party in March, inquired about products of the light and textile industries, asking exibitors about textile dyes production in China. After the visit Biryukova told Chinese Ambassador Li Zewang that the exhibits reflect the great changes in China in recent years. She said the Soviet people cherish a deep love for the Chinese people and wish to further develop friendship between the two countries.

The Chinese fair, the first of its kind in 33 years, opened July 25 and closes Sunday.

ARKHIPOV IN PRC 'UNDERGOING ACUPUNCTURE TREATMENT'

HK070704 Hong Kong AFP in English 0648 GMT 7 Aug 86

[Text] Beijing, Aug 7 (AFP) -- Soviet First Vice Premier Ivan Arkhipov is currently undergoing acupuncture treatment in China, a Western diplomatic source said here Thursday. Mr Arkhipov, 78, who has made two official visits to China since 1984 and remains the highest-ranking Soviet official to come here in 17 years, was being treated as "an old friend of China", the source said.

The Soviet Embassy declined comment and the Chinese Foreign Ministry simply took note of a reporter's question on Mr Arkhipov. A Soviet source here, who requested anonymity, indicated that Mr Arkhipov's visit was strictly private. The source did not know how long he would be staying.

An official visit by Mr Arkhipov in December 1984 paved the way to a long-term renewal of economic cooperation, after years of chilly relations between the communist giants. He returned in March for the first session of a Sino-Soviet Commission on trade and economic cooperation, which put together a modernisation program for 17 Chinese enterprises built in the 1960's by Soviet experts.

On both visits Mr Arkhipov, who was posted in Beijing before 1960 to supervise Soviet technical assistance to China, was warmly received. Premier Zhao Ziyang described him as an "old friend" of the country. Mr. Arkhipov's visit comes less than two weeks after Soviet leader Mikhail Gorbachev announced his Asian initiative to improve Moscow's relations with China and other countries in the region.

PRC MONGOLIA TO START HIGH-LEVEL TALKS 8 AUG

OW071147 Tokyo KYODO in English 1134 GMT 7 Aug 86

[Text] Beijing, Aug. 7 KYODO — Chinese and Monogolian Foreign Ministry officials will resume high-level talks Friday in the Mongolian capital of Ulaanbaatar, the first such bilateral meeting since the late 1960s, East European diplomatic sources here said Thursday.

The sources said it is certain that the officials will discuss a commitment by Soviet party leader Mikhail Gorbachev last month to pull out a "considerable" part of its troops from Mongolia. It is said the Soviet Union has 75,000 troops in Mongolia, a country flanked by the two major communist powers.

Chinese-Mongolian talks will be the first meeting involving parties concerned since the July 28 Gorbachev speech made at the Soviet far east city of Vladivostok. The Kremlin leader also said the Soviet Union will pull out about 7,000 out of its estimated 115,000 troops in Afghanistan.

The sources said Vice Foreign Minister Liu Shuqing will represent China in the meeting. Invited by the Mongolian Foreign Ministry, Liu left for Ulaanbaatar Wednesday by train and will stay there until Monday, according to the sources.

They said Liu will have talks with Foreign Minister Mangalyn Dugersuren and other officials.

The talks are expected to center on details of the Soviet troop pullout plan and on what kind of agreement the Soviet Union and Mongolia have reached concerning the plan, the sources said.

The outcome of the Chinese-Mongolian talks is expected to have great impact on the future of Sino-Soviet negotiations for improvement of their relations, diplomatic observers said.

China sees the presence of Soviet troops in Mongolia as one of three "obstacles" to full normalisation of Sino-Soviet ties. The sources said China has rejected a Soviet proposal to reopen talks on their border dispute because of the military obstacle.

The talks have been suspended since 1978.

China refers to the Soviet invasion of Afghanistan and Moscow's support for Vietnam's military presence in Kampuchea as the two other obstacles.

Deputy Soviet Foreign Minister Mikhail Kapitsa said Tuesday details of the troop withdrawal plan will become clear only after it has been discussed in working-level negotiations.

China and Mongolia have cut off ministerial talks since the deterioration of Moscow-Beijing ties in the late 1960's.

RENMIN RIBAO ON ROK CONSTITUTION REVISION

HK060605 Beijing RENMIN RIBAO in Chinese 1 Aug 86 p 6

["Special dispatch" by reporter Xu Baokang "South Korea Sets Up Constitution Revision Special Commission']

[Text] Pyongyang, 31 Jul (RENMIN RIBAO) -- According to news from Seoul, a Constitution Revision Special Commission of the National Assembly was set up by South Korea's opposition parties, the New Korea Democratic Party [NKDP] and the Korean National Party [KNP], and the party in power, the Democratic Justice Party [DJP], on 30 July.

There are 45 members on the "special commission", of whom 23 are from the DJP, 17 are from the NKDP, 4 from the KNP and 1 is a non-party personage. On the very day of its establishment, the "special commission" held its first meeting, in which Chae Pal-sik, a National Assembly member from the DJP was elected chairman of the board of the commission and two National Assembly members from the DJP, two fromthe NKDP and one from the KNP were elected members of the board. The "Constitution Revision Special Commission of the National Assembly" was set up in accordance with an agreement that the ruling and opposition parties reached at the 130th "provisional meeting of the National Assembly" which closed on 24 June.

On the day when the "the Special Commission of the National Assembly" was set up, the DJP and the NKDP each issued a statement. The DJP declared in its statement that it is necessary to "cooperate in revising the Constitution" through compromise between the ruling and opposition parties in order to make the revision "really reflect the desire of the people." It has in fact already decided on a scheme to revise the constitution which is favorable to its "responsibility system of National Assembly cabinet members," sources said. "The NKDP pointed out in its statement that in order to fulfill the historic task to establish democracy, it will never knuckle under to any difficulty and will firmly implement the constitution revision plan for the establishment of a "system of directly electing the president", which is the peoples earnest hope.

South Korean press differed in their evaluation of the establishment of the Constitution Revision Committee of the National Assembly. Some held that this had been a compromise that government and the ruling DJP was forced to make under heavy pressure as a result of the "movement of collecting 10 million people's signtures" launched by the opposition and democratic mass bodies and that this was progress by the opposition and democratic forces in making South Korea democratic. Others held that it was merely an outcome of the government's policies of suppression and of control through conciliation and was Chon Tu-hwan's "deceptive trick" to ease the conflict between the ruling and the opposition parties, and to stifle democracy and stabilize the political situation.

DPRK PROVINCIAL PARTY DELEGATION VISITS JIANGSU

OW0671415 Nanjing Jiangsu Provincial Service in Mandarin 2200 GMT 5 Aug 86

[Excerpts] To commemorate the 25th anniversary of the Sino-Korean Treaty of Friendship, Cooperation, and Mutual Assistance, a delegation of the Kangwon provincial party committee arrived in Hangzhou from Beijing by air on the evening of 5 August. The delegation is headed by Yium Hyong-ku, responsible secretary of the provincial party committee.

Welcoming the delegation at the airport were Han Peixin, secretary of the Jiangsu Provincial CPC Committee; Deputy, Secretary Shen Daren; Vice Governor Ling Qihong; (Ting Xin), member of the Standing Committee of the provincial Advisory Commission; (Ku Yu), acting secretary general of the provincial party committee; (Bao Shenghua), deputy secretary of the Nanjing City CPC Committee. [passage omitted]

During the delegation's stay in Beijing, Governor Gu Xiulian, who was visiting Beijing, and Jiang Guanghua, deputy head of the International Liaison Department, had lunch with the delegation on 5 August.

PROBLEMS CITED IN INVESTING IN SHANGHAI

OW301345 Tokyo KYODO in English 1017 GMT 30 Jul 86

[Text] Shangahai, China, July 30 KYODO -- A major Chinese newspaper urged Japan Wednesday to increase its investment in Shanghai, complaining that few Japanese large-capital and high-technology firms have made inroads there.

The JIEFANG RIBAO (LIBERATION DAILY) said in a commentary that there were 24 cases of capital investment in Shanghai by Japanese enterprises last year but most of them involved hotel construction.

It said Japanese investment totaled about 200 million dollars. There were about 10 cases of ventures involving Japanese manufacturers but they were small in scale, with investment totaling about 400,000 dollars, the artaicle said.

Citing West German automaker Volkswagen as an example, the paper said investment by U.S. and European enterprises in the city was huge. In some cases, capital outlays amounted to 100 million dollars per case, it said.

Japanese trading representatives cited China's weak infrastructure, the high rate of export obligations and the bureaucratic manner of management as major factors behind slow Japanese investment in the city.

PRC DENIES BRAZILIAN SATELLITE LAUNCH AGREEMENT

HK070302 Beijing CHINA DAILY in English 7 Aug 86 p 6

[By staff reporter Wang Gangyi]

[Text] China yesterday denied that it was going to launch an agricultural satellite for Brazil. "General talks on the possible launching of a satellite were held between the two countries when a Brazilian delegation visited China in June," an official from the Foreign Affairs Bureau of the Ministry of Astronautic Industry told CHINA DAILY. "But no agreements of any kind have been signed so far," he said.

Spain's EFE News Agency quoted the Brazilian Minister of Science and Technology a week ago as saying that China and Brazil had agreed to jointly launch an agricultural research satellite, which would cost $6 million. The Chinese official said that China was willing to co-operate with Brazil in the space industry.

China entered the international satellite-launching market in June, when it agreed to launch two rebuilt communications satellites for a U.S. company over the next two years with Long March-3 rockets.

During the past few months nearly 10 countries including some from Western Europe have expressed interest in using Chinese rockets for launching satellites.

PANAMANIAN PARLIAMENTARIANS CONTINUE VISIT

OW061418 Beijing XINHUA in English 1402 GMT 6 Aug 86

[Text] Guangzhou, August 6 (XINHUA) — A National Legislative Assembly delegation from Panama led by its President Camilo Gozaine visited a vegetable and fruit production base in the southern suburbs of Guangzhou today.

They acquainted themselves with the household responsibility system and the structure of the local government. The parliamentarians also visited a soft drink factory and a knitwear mill here today.

They were honored at a banquet given by Luo Tian, chairman of the Guangdong Provincial People's Congress Standing Committee, here this evening. Before the banquet, they were briefed on the province's economic contacts with foreign countries and local economic restructuring.

Leave for Guangzhou

OW051240 Beijing XINHUA in English 1131 GMT 5 Aug 86

[Text] Shanghai, August 5 (XINHUA) — A National Legislative Assembly delegation from Panama led by its President Camilo Gozaine ended its visit to Shanghai and left here for Guangzhou this afternoon.

The Panamanian Parliamentarians were honored at a banquet given by the Shanghai Municipal People's Congress Standing Committee here at noon today. During the banquet both sides hoped that contacts and cooperation between Shanghai and Panama would develop continuously.

The Panamanian guests visited the Baoshan Steel Works here this morning. Camilo Gozaine wrote at the visitors' book, "We have brought with us brotherly affection from the Panamanian people to the Chinese people." The Panamanian delegation arrived here from Beidaihe by special plane yesterday evening, where they had meetings with Chinese leaders.

COLOMBIA ATTACHES IMPORTANCE TO TIES WITH PRC

OW070756 Beijing XINHUA in English 0746 GMT 7 Aug 86

[Text] Bogota, August 6 (XINHUA) -- President-Elect Virgilio Barco Vargas said today that his government will continue peace efforts for Central America within the Contadora Group of which Colombia is a member, along with Mexico, Panama and Venezuela.

Speaking with foreign correspondents based here, Barco said his country will coordinate with other Latin American countries in seeking a resolution of their foreign debt.

The president-elect, who will be inaugurated tomorrow, said Colombia will strengthen its traditional trade links with Caribbean nations, while maintaning good relations with neighboring countries.

He attached great importance to relations with coastal countries in the Pacific region, such as China, Japan, Mexico and Canada, as the region is rich in natural resources.

AGRICULTURE MINISTER LEAVES FOR CANADA VISIT

OW040756 Beijing XINHUA in English 0738 GMT 4 Aug 86

[Text] Beijing, August 4 (XINHUA) -- He Kang, minister of agriculture, animal husbandry and fisheries, left here today as the head of a Chinese government agricultural delegation for a friendly visit to Canada and the Netherlands.

He has been invited by John Wise, minister of agriculture of Canada, and Gerritt Braks, minister of agriculture and fisheries of the Netherlands.

LEADERS CRITICIZE BUREAUCRATISM AT MEETING

HK061223 Beijing BAN YUE TAN in Chinese No 14, 25 Jul 86 pp 10-13

[Article by Zou Aiguo: "Breaking the Net of Bureaucratism"]

[Text] On the morning of 28 June, the Beijing weather was uncommonly fine. Inside Zhongnanhai, the pavilions and buildings were flooded with sunlight and the water in the lake was rippling in the breeze. People were heard laughing and talking inside Chengwu Hall. The 10 comrades who joined the group to report the exemplary deeds of outstanding party members of central state organs were having a happy gathering with central leading comrades.

At 0800, Comrade Wan Li, wearing a white shirt, entered the hall. He warmly greeted members of the reporting group Xu Haifeng, an athlete on the National Shooting Team; Pan Fulan, a senior engineer at Design Institute No 5 of the Ministry of Ordnance Industry; Guo Kun, director of the office of State South Pole Survey Committee; and others. Hu Qili, Tian Jiyun, Bo Yibo, Wang Zhaoguo, and other comrades also arrived at the hall. They cordially shook hands and exchanged greetings with others. Then they sat down on sofas arranged in a circle and began to talk with those who were present.

Glancing around, Wan Li said happily: "You are model communists and are outstanding representatives of our central state organs. With your own exemplary actions, you have played a great role in the work of state organs and have obtained very good results. We would like to thank you first."

Wan Li continued: "Our purpose is to wholeheartedly serve the people, but our shortcoming is bureaucratism. The common people are most resentful of bureaucratism and they most welcome serving the people. I hope that you will also strive to become models in eliminating bureaucratism and increasing efficiency. In this respect, grassroots units have a lot of complaints about our state organs. We have not properly served the people. I hope that our party members, model party members in particular, will take the lead in struggling against certain bureaucratic phenomena and styles."

After a pause, Wan Li became more serious and said: "Not long ago, I made written comments on a letter criticizing disputes over trifles and dilatory workstyle written by several comrades of the State Planning Commission. The letter's publication in RENMIN RIBAO was to openly encourage the spirit of the people criticizing bureaucratism. The new period has put forward new demands on party members. We cannot have the kind of party member who nods approval no matter whether his superiors are right or wrong, or who implements what is right as well as what is wrong. This will not do. The style, structure, and ideology of our organs still cannot meet the needs of reform or opening to the outside world."

Counting on his fingers, Wan Li said: "Low efficiency in handling matters, poor quality of the personnel, disputes over trifles whenever anything crops up, serious bureaucratism, and so on are stubborn diseases which we must make up our minds to overcome. Even some foreigners who do business with us told us that China enjoys exceptional advantages in developing its economy."

It has a large population, a vast market, rich resources... Nevertheless, they have met with some problems which are very difficult to solve. Some of the put forward that if the problem of bureaucratism is not solved, it will be harmful to China's development. This should draw our attention!"

Wan Li said with a smile: "You people here are relatively well educated. You are both well-educated people with a high professional level and model communists. The party wants you to go all out in reform and to take the lead in promoting the reforms of organs so that our work can meet the needs of, and serve the new situation of reform and opening up. Comrade Xiaoping said that reform is revolution. I hope that you will take the lead in properly carrying out this revolution and I think you certainly will."

No sooner had Wan Li stopped than Bo Yibo said: "What Comrade Wan Li said is very good. China's bureaucratism, which I call die-hard bureaucratism, is very difficult to eliminate. You should understand the environment you are in. Organs are duplicated in this big country of China, and like a spider's web, nobody can jump out of it. Some organs take more than 80 or even 100 days to issue a document. It is very difficult for people sent by various localities to the central authorities to have something done! The section chief needs time for consideration. The department head needs time for consideration. The bureau chief also needs time for consideration. When everyone is exhausted, the problem remains unsolved. You model communists should have the vigor to break the net of bureaucratism!"

While listening to the instructions of revolutionaries of the older generation, the model party members took notes.

At this moment, Comrade Hu Qili began to speak: "Just now Comrade Wan Li put forward the question of eliminating bureaucratism and increasing efficiency. This is a matter of prime importance and is a major content of reform. Whether or not bureaucratism can be eliminated and efficiency increased is one of the criteria for assessing the results of reform."

Pointing at a scroll in the hall, Hu Qili said: "'Most enthusiastic in revitalizing the Chinese nation; peaceful coexistence and everlasting friendship.' Well written. Safeguarding world peace and revitalizing the Chinese nation is our common objective of struggle. We must be on one heart and mind in accomplishing this. With our past experience and with the guidance of revolutionaries of the older generation, we will certainly win victory in this battle."

Tian Jiyun made brief remark to conclude this meaningful meeting: "I will learn from you comrades. I hope that under the leadership of the party, you will make persistent efforts to advance and to revitalize China."

In a joyous atmosphere, Comrades Wan Li, Hu Qili, Tian Jiyun, Wang Zhaoguo, and Bo Yibo took a photo together with comrades of the group to report exemplary deeds of outstanding party members of the central state organs. Their laughter echoed for some time in Zhongnanhai.....

WAN LI DISCUSSES BEIJING'S URBAN REFORM

OW060532 Beijing XINHUA Domestic Service in Chinese 1318 GMT 5 Aug 86

[Text] Beijing, 5 Aug (XINHUA) -- On 4 August, Wan Li, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, called a meeting in Zhongnanhai.

The meeting gathered leading members of the Beijing Municipal Party Committee and the Beijing Municipal Government as well as of districts, counties, and grassroots units to discuss urban economic reform. He said that the ongoing reforms must continue, with no backsliding. He added: As residents of the capital, your conditions are good, and you are very well informed. I hope you will proceed from reality, constantly sum up your experiences, and push forward the reforms.

Comrades of the Chongwen District, Shijingshan District, Shunyi County, Changping County, the Capital Iron and Steel Company, and the Tianqiao Department Store briefed Wan Li on their reforms. After being told by comrades of the Chongwen District that, since the franchise system was introduced into the district's hair-cutting and repairing business, employees' working enthusiasm is greater, service has improved, profits have increased, and customers are satisfied, Wan Li said happily: The leasing system is proper. Based on reality, you should carefully study the feasibility of such reforms as substituting profits for taxes, retaining above-quota profits, issuing comprehensive contracts, and promoting the leasing system, and then sum up your experiences. After being informed that business, management, and services at the Tianqiao Department Store have improved since it acquired greater decision-making powers, Wan Li said: The quality of our service can be first-rate. Commercial and service trades must pay attention to two types of benefits, namely economic and social. Consumers' interests must be protected, our goods must be of good quality and reasonably priced, and our service must be good and honest to the customers' satisfaction. All trades and professions must underscore the importance of professional ethics.

Comrades from Shunyi County told Wan Li that rural reforms have brought about great changes in the county. Wan Li said: Rural areas in Beijing have adequate resources for modernizing agricultural production. You have the support of the Central Government and other units in Beijing, superior technical know-how, a good geographical location, strong industrial support, a big market, and mostly mechanized agricultural production. If the peasants are better technically educated and trained, agricultural modernization is highly possible. You should seriously emulate Doudian's experiences and properly plan agricultural mechanization.

Recently, Wan Li visited the Shijingshan District to inspect construction and management. After being briefed by an official of the district, Wan Li said: Beijing has achieved significant success in urban construction and management in general, and in urban afforestation and road construction in particular. Urban districts and counties should have a fair amount of decision-making powers in handling matters concerning urban construction and administration, but such matters must be strictly subordinated to general urban planning, he said. Wan Li criticized the filth and disorder along some railways in the capital, and said that the situation must be improved within a time limit.

Recently Wan Li inspected Yanqing, Changping, Miyun, and Pinggu counties and urban districts on the outskirts of Beijing, and found their appearance had undergone significant change. He also learned that many educational, cultural, and welfare facilities in these districts and counties were built with local funds. Wan Li praised the idea.

He said: It is excellent for Beijing to give more financial authority to its districts and counties. If they have money and the authority to spend it, they can do a lot better than Beijing itself. This reform project should continue. Townships should also establish their financial system as soon as possible.

Wan Li stressed that reforms must be practical and based on actual needs. He urged comrades in Beijing to keep the central authorities informed of the development of reform, their experiences and problems, and make suggestions, which he said would help the central government make decisions with a democratic, scientific, and reasonable approach.

Present at the meeting were Li Ximing, Chen Xitong, and other leading comrades of the Beijing Municipal CPC Committee and the municipal government.

RENMIN RIBAO ON BUILDING CIVILIZED VILLAGES

HK060637 Beijing RENMIN RIBAO in Chinese 2 Aug 86 p 4

[Commentator's article: "Push the Building of Civilized Villages and Towns to a New Stage"]

[Text] At present, the rural areas are carrying out the second stage of reform and the rural economy will soon enter the new stage of continuous, steady, and coordinated development. This objective situation demands that we continue to improve the conditions of agricultural production, gradually socialize the production services, greatly develop scientific, technological, cultural, and educational undertakings, and actively readjust the uncoordinated phenomena in the course of replacement of the old rural economic structure by the new one, while continuing to implement in the rural areas. These new demands and new situations of the rural reform have presented new topics and more complicated tasks in the building of civilized villages and towns. This new situation also requires us to conscientiously sum up the experiences in building civilized villages and towns, raise our own understanding of carrying out the building of the two civilizations together, make ourselves conform to the demands of the rural reform and the development of rural commodity economy, and push the building of civilized villages and towns to a new stage.

Carrying out the building of the two civilizations together, coordinating the development of the two civilizations, and enabling the two civilizations to promote each other are an important experience in the building of civilized villages and towns over the past few years, and are also an important orientation which we should resolutely stick to in the future. The situation in some places shows that "having enough to eat and wear" does not necessarily mean "having been civilized." Without spiritual support, even when people "have enough to eat and wear," they will still "make trouble." The two civilizations condition each other, influence each other, but cannot replace each other. Therefore, only by deepening the understanding of the connotations of the two civilizations and simultaneously carrying out the building of the two civilizations in our actual work can the peasants' spiritual and material lives kbe enriched and given more substance.

In building civilized villages and towns, we should be practical and realistic, do solid work, respect the wishes of the masses, adopt various forms and methods which are welcomed by the peasants, educate and guide the broad masses of peasants to deal correctly with relations among the interests of the state, the collective, and the individual, develop the fine tradition of cooperating with one another and providing services to one another, and establish new moral cocepts. In building civilized villages and towns, we should not practice "blowing a wind" and "severing in one swoop," which we practiced in the past, nor should we do such formalistic things as "cleaning the streets, reading newspapers, hanging up signs, and taking pictures" and so on, because these cannot produce any actual results, but on the contrary, will arouse the resentment of the masses.

To improve the ideological, moral scientific, and cultural qualities of the broad masses of peasants, train batches of new-type peasants with lofty ideals, moral integrity, cultural accomplishments, and discipline and greatly developing the productive forces in the rural areas are the fundamental aims of building civilized villages and towns. The practice in building civilized villages and towns over the past few years has shown people that developing commodity economy is not purely an economic question or a question of productive forces but also, to a greater extent, a question of concepts and a question of scientific knowledge. If we do not know the laws of commodity economy and the policies which conform to the laws of commodity economy and the relevant laws and stipulations, we will not be able so successfully carry out commodity production and circulation. Therefore, in order to push the building of civilized villages and towns to a new stage, we must start from the basic work, raise the understanding of the peasants, run well the schools in the rural areas and various other types of adult education and vocational education and encourage those peasants who are determined to become rich through scientific methods to aquire knowledge, techniques, and management skills, and to foster a developing and enterprising spirit. At the same time, we should also organize a beneficial cultural life, foster fine values, transform social traditions, and develop a progressive national spirit.

The building of civilized villages and towns is a comprehensive task involving economic, political, ideological, cultural, educational, scientific, and a wide range of other fields. The contents of each aspect of construction link, restrict, and condition one another. In this sense, the building of civilized villages and towns is a systematic project. We should jointly show concern for and carry out the construction of the project under the unified leadership of the party committees and governments at various levels by mobilizing and organizing the forces of all fields in society.

LEADING OFFICIALS GUIDE WORK IN GRASSROOTS

OW271432 Beijing XINHUA in English 1404 GMT 27 Jul 86

[Text] Beijing, July 27 (XINHUA) -- About 6,400 leading officials from departments under the Communist Party Central Committee and the State Council went down to guide work at grass-roots units in the first half of this year, an official said here today. More than 1,100 of them were vice-ministers and senior.

Song Jian, minister in charge of the State Science and Technology Commission, headed a team of specialists to have an investigation tour of the Dabie Mountains bordering on Henan, Hubei and Hui provinces and suggested to use science and technology in changing the poor conditions in the area and his suggestions were transmitted nationwide by the State Council.

After touring Yunnan and Guangxi, Minister Cui Naifu, Vice-Minister Yang Chen and other officials of the Ministry of Civil Affairs solved the housing problem of the soldiers' families under the support of the Army General Political Department.

Officials of the Ministry of Urban and Rural construction and Environmental Protection made investigations at 100 units throughout China and put forth advice on municipal construction and high-rise hotels in the scenic cities of Hangzhou and Guilin.

During the period, the central offices banned extravagance at meetings. They cut a total of 390 meetings from agenda.

UNIVERSITY LEADERS GAIN POLICY MAKING POWER

OW040210 Beijing XINHUA in English 0151 GMT 4 Aug 86

[Text] Shanghai, August 4 (XINHUA correspondents Li Zhiyong, Wang Liwen) -- Presidents and professors in Chinese universities will have a bigger say in school affairs to replace the overall leadership of university's party committee over the past 30 years.

This represents a new trend in China's reform of its educational system, which is being piloted in some 100 universities and colleges, aiming at increasing the decision-making power of the professionals and experts.

In the past, school affairs such as teaching plans, capital construction, personnel and financial affairs, scientific research, academic exchanges and appraisal of teachers' qualifications were all discussed and decided by the party committee in the universities. University administrators would simply carry out the decisions made by the committee. Now these affairs are to be decided instead by a president-headed school committee formed of professors as well as the secretary of the party committee. The party committee now cannot veto decisions made by the school committee but only has the responsibility of supervising and helping to carry out the decisions. This experiment, as an important part of the on-going educational reform which began in 1984, will be gradually spread to all the country's 1,017 universities and colleges, according to a decision made in May 1985 by the Chinese Communist Party Central Committee.

"The reform to grant more power to presidents and professors will help raise the efficiency of decision-making and is more in keeping with the development of higher education," said Jiang Jingbo, presiden to Tongji University here, which is among the earliest universities to pilot the reform.

By 1990, the university plans to train Ph.d. students up to international level in eight or nine specialities and establish ten centers for post-doctorate research, said the president. The university also plans to strengthen ties with Federal Germany and build itself into a center for german studies.

It has already established cooperative ties with three universities in Federal Germany and had relations with famous corporations like Siemens, Ag, Volkswagegn Automative Co. and Hoechst Ag as well as Ebert Foundation.

The program has been passed by the university's teaching and administrative staff congress, a body to supervise and examine the work of the university president.

Jiang Jingbo, the president, said the selection of department leaders is important to the school development. In the past two years, he has nominated and changed more than half of the department leaders, who are now all professors. These deans of departments will then choose full professors, associate professors and lecturers to take charge of specialities' teaching and research work in a contracted period of one or two years according to their abilities.

As for finance, individual professors are now allowed to collect money for the development of their departments and specialities through various means including undertaking research projects for industrial enterprises, providing technology consultancy and transfer, and winning financial aid from foreign enterprises and foundations.

GUANGMING RIBAO VIEWS LABOR UNDER SOCIALISM

HK060601 Beijing GUANGMING RIBAO in Chinese 26 Jul 86 p 3

[Article by Ding Xuezhou: "Labor Power Is Not a Commodity Under Socialist Conditions"]

[Text] Some comrades believe that under socialist conditions, labor power is also a commodity, or at least retains the form of a commodity. This viewpoint is worth discussing.

According to basic Marxist principles, labor power becomes a commodity only under two conditions: First, laborers must have personal freedom — "in order to sell his labor power as a commodity, the owner of labor power must be able to allocate his own labor power" ("Das Kapital," Vol 1, p 190), second, apart from selling his own labor power, the laborer has nothing of his own, neither means of production nor means of subsistence — "since it is impossible for the owner of labor power to sell his own materialized labor as a commodity, the owner of labor power has to sell his labor power which exists in his own living body as a commodity." ("Das Kapital," Vol 1, p 191)

The laborers under socialist conditions do not completely possess the first condition. This is because although, under socialist conditions, laborers have been liberated and have gained freedom, it is because of such liberation and freedom that laborers have become the masters, so that, while enjoying freedom, the laborers have greater responsibilities. Therefore, when giving their labor power, they have to think about and make their behavior conform with the needs of the entire society. As far as this form is concerned, it seems that socialist society is more backward than capitalist society, but in fact, socialist society is more progressive than capitalist society. In the communist society, the "complete freedom" of labor power under capitalist conditions will no longer exist. From this, we can see that labor power no longer has the condition to become a commodity under socialist conditions.

The laborers under socialist conditions do not possess the second condition, either. This is because public ownership has made laborers the masters of the means of production. [paragraph continues]

A laborer under socialist conditions is both the owner of means of production and the possessor of means of consumption. So he has no need to sell his own labor power as a commodity.

If labor power were a commodity under socialist conditions, then there would be purchasers and exploiters of labor power. Who would be the purchasers of labor power? Generally speaking, the purchasers of labor power would be the socialist enterprises and the socialist state. As a result, part of the value created by labor power (namely, the net income) would be possessed by the enterprises and the state, and the enterprises and the state would be the exploiters. This view is obviously absurd.

If labor power were a commodity under socialist conditins, then labor power would have its own value. In that case how would we deterimine the value of labor power under socialst conditions? Some comrades say that the value of labor power is the "basic living expenditure for the reproduction of labor power." Therefore, before labor starts, the exchange between funds and labor power is preconditioned by the basic living expenditure, which is also a "fixed point" for the increase in the funds' value. The part in excess of the "fixed point" is the increased value of the funds. The socialist state controls the salaries of the workers according to this "fixed point," apart from providing welfare, bonuses, dividends, and so on to the workers (please refer to "JINGJIXUE DONGTAI" [DEVELOPMENT OF ECONOMICS] No 12, 1986, pp 29-30).

Here, the author first divides the income of workers into the before-labor income and the after-labor income. The money paid before labor is the value of labor power — namely salaries, while bonuses, welfare, dividends, and so on are paid after labor. Therefore, the principle of distribution according to work can only be applied to bonuses and salaries, while the "expenditures on reproduction of labor power" has nothing to do with the principle of distribution according to work. This is a sheer misinterpretation of the principle of distribution according to work. At present, there are indeed a lot of defects and aspects which need to be perfected in the course of implementing the principle of distribution according to work. However, our present salary system shas been established according to the principle of distribution according to work and not according to the expenditure on reproduction of labor power.

Second, the author also says that the proportions of individuals' consumption funds, production funds, and social consumption funds in the distribution of the total product are set according to the "fixed point" of the value of labor power. This is not true, either. In fact, in our country, the proportion of individuals' consumption is mainly decided according to the basic economic law and the law of planned development. If the economic conditions permit and our national economy can develop in a proportionate and coordinted way, why cannot the proportion of individuals' consumption exceed or even greatly exceed the so-called "fixed point"? Is it right that we should keep the living standard of laborers only at the level of survival?

The method of paying laborer's remuneration in currency is determined by the economic nature of the socialist period. Because the socialist economy is stil a commodity economy, all the material products, especially consumer goods, are stil purchased with currency. [paragraph continued]

Under such conditions, it is quite necessary to pay laborers' remuneration in currency. At the same time, whether there is exploitation and whether it is hired labor or master's labor are not determined by the form of remuneration but by whether the income of a laborer is the remuneration for his labor of the value of his labor power. So, the currency form cannot change the master's position of laborers under socialist conditions nor can it prove that labor power has become a commodity under socialist conditions.

However, in a socialist country, there are still special zones and hired workers in some places. How should we explain this? I think that the workers in the special zones, especially the workers in the foreign-owned enterprises, are truly hired workers because part of the value created by them is possessed gratis by the capitalists. So, labor power in those places is a commodity. Second, as far as the phenomenon of hired workers in the hinterland is concerned, there is also exploitation. It would be unrealistic for us to deny this fact. However, this kind of hired labor does not represent the principal part of the socialist method of recruitment, but is an extremely peculiar phenomenon which will certainly not become the general form of the socialist method of using labor in the future. Most of the hired laborers are part of the collectively owned economy. The fact that they are hired is not becaue they have lost the means of production but because they want to earn higher incomes. Therefore, they are different in nature from the hired workers in capitalist society.

NATIONAL CIVIL AVIATION MEETING OPENS IN BEIJING

OW060851 Beijing XINHUA Domestic Service in Chinese 1217 GMT 5 Aug 86

[By reporter Yang Like]

[Text] Beijing, 5 Aug (XINHUA) -- Strengthening business management is aimed at providing good-quality service. This was pointed out by a responsible person of the Civil Aviation Administration of China [CAAC] at a national conference on the management of civil aviation enterprises and institutions, which opened here today.

The responsible person said: In January 1985, the State Council approved and transmitted a report on the CAAC's structural reform and required it to separate its government functions from the functions of an enterprise and to supervise the civil aviation industry as a whole instead of managing enterprises. Bringing about such a change marks the CAAC's functioning as a government department, and it is also an effective measure to strengthen coordination in the civil aviation industry and to improve the industry's quality of service. The CAAC is sincerely willing to cooperate with various social circles in shortening the process of this change.

The CAAC responsible person said: In providing good-quality service, the CAAC will treat all civil aviation enterprises and institutions without discrimination and on an equal footing no matter where they are located. The CAAC services will include opening all airports to local civil aviation enterprises and institutions and providing services in air traffic control, communications, and meteorological and navigational information. It will also provide business information and management guidance.

Five Airlines Operating

OW061027 Beijing XINHUA Domestic Service in Chinese 1333 GMT 5 Aug 86

[By reporter Yang Like]

[Text] Beijing, 5 Aug (XINHUA) — This reporter has learned from an ongoing national conference on the management of civil aviation enterprises and institutions here that in our country there are now five airline companies operated by localities or departments, and preparations are being made to set up and register 13 other such companies. The appearance of local airline companies has changed the situation in which our country's civil aviation industry had been run by the Civil Aviation Administration of China (CAAC) alone for a long time. Now airlines run by a number of people have appeared in an embryonic form.

The five airlines operating in the country are: The China Airfreight Company, the Shanghai Airline Company, the Wuhan Airline Company, the Zhongyuan Airline Company, and the Xiamen Airline Company Limited.

In addition, the China Helicopter Company has also obtained its license. These six companies now have a total of over 20 small and medium-sized aircraft, including Y-5, M-8, Boeing 707, and Boeing 737 airplanes as well as more than 100 pilots with temporary operating licenses.

In a briefing on this situation, a responsible person of the CAAC said: Setting up airlines by a number of people is an important matter in the CAAC's structural reform for which people have eagerly hoped. This will not only promote the development of our civil aviation industry but also change the official-businessman style of monopolizing this industry and give impetus to the industry's improving services.

AVIATION MINISTRY PLANS MASSIVE EXPORTS BOOST

HK050452 Beijing CHINA DAILY in English 5 Aug 86 p 2

[By staff reporter Zhao Lijuan]

[Text] The Ministry of Aviation Industry, one of China's defence industry departments, is looking to civilian products to take it to new heights.

The ministry plans to boost its exports this year to equal the total volume of exports in the previous five years, Sun Lipeng, Vice-President of China National Aero-Technology Import & Export Corporation (CATIC) under the ministry, told CHINA DAILY. To achieve this goal, CATIC has recently selected five of its top factories to become export-oriented production centres and given eight other enterprises the right to engage in foreign trade.

Among the centres and factories, the first eight have received the approval of the State Council to specialize in exports. The other five have been submitted for approval, which is expected soon, Sun said. The corporation's main export goods -- some 200 products — include civil aircraft, measuring tools, cutting tools, and hydraulic jacks.

Set up in 1979 CATIC has established economic and technical co-operative agreements with manufacturers in more that 40 countries and regions to process supplied materials, and co-design and manufacture new passenger planes. The corporation manufactures parts and components of aircraft and engines for McDonnel Douglas Corporation, Boeing Company, Lockheed Corporation and Pratt & Whitney Aircraft Group. The products have won plaudits for their high quality and punctual delivery. Up to now, CATIC has concluded $80 million worth of contracts with the foreign aircraft firms.

The Ministry of Aviation Industry this year began to stress the expansion of exports. It recently set up a leading group for exports, directed by two vice-ministers, Sun said. The ministry is offering various incentives to the export-oriented factories, including the giving of larger shares of foreign currency earnings. Meanwhile, factory managements are being strengthened.

The chosen factories met certain criteria: Firstly, they had to have a steady supply of high quality products for export; secondly, their annual export value should be around $1 million at the start; thirdly, their annual export value must increase to $3 million and account for up to 50 percent of their total industrial production three years later. Any factory that fails to meet the last criterion will lose its ministry loans and will no longer be an export-oriented factory, Sun said. The ministry plans to turn out products valued at $200 million by 1990. The products will supply both domestic and overseas markets.

'WENZHOU PATTERN' PROVIDES GUIDE FOR RURAL AREAS

HK060829 Beijing JINGJI RIBAO in Chinese 31 Jul 86 p 1

[Commentator's article: "The Universal Significance of the 'Wenzhou Pattern'"]

[Text] In the course of rural reform, Wenzhou City, Zhejiang province, has opened a new road in developing the rural economy and changing the poor conditions. People call this the "Wenzhou model." We prefer the term "Wenzhou pattern," because we think that it is more accurate as Wenzhou's experience is mainly in the aspect of the rural economy.

What is the basic experience of the "Wenzhou pattern"? There are two main points: First, giving priority to the development of commerce, which will, in turn, promote the development of industry. Wenzhou City has set up some specialized markets which ensure the supply of raw materials for local household industries and enable their products to be sold quickly. The development of commerce and industry creates a favorable condition for the development of the rural economy and provides a solid foundation for the implementation of the policy of "using industry to support agriculture." As a result, the transport, service, tourism, post and communications, information, and finance industries all can develop vigorously. The rural economy is becoming more and more prosperous in all aspects. Another point is called "small commodities and big markets." Household industries in Wenzhou mainly produce small commodities which large enterprises are not willing to produce.

Such small commodities are sold at low prices to meet the needs of various customers, so they are readily marketable and can be sold to all parts of the country. The big market of 1 billion people shows broad prospects for Wenzhou's household industries. Their business is expanding day after day.

Wenzhou's experience is of universal significance. The rural areas in our country are undergoing the transition from a natural economy or a product economy to a commodity economy. The development of a commodity economy must be based on the development of commerce, and our socialist commodity economy is no exception. The people need a wide range of small commodities in their daily lives, but farm products also need to be processed. All localities can develop their level industries in light of their local conditions and market demands. They can also develop commerce so as to hold a position in the big domestic market for their products. In our view, it is even more necessary for poor areas to first build up their commodity economies. Previously, we merely stressed developing production when offering assistance to the poor areas and neglected the development of commerce. This was a major defect in our work. As a result, even though the state increased investment each year, these areas still could not substantially develop their industries and change their poor and backward economic conditions. Wenzhou's experience precisely provides a good recipe for curing this malady.

At present, there are two different ways in our country to develop the rural economy. One is represented by the southern Jiangsu Province, including the Suzhou, Wuxi, and Changzhou areas. Its characteristic is to rely on the existing rural industries and the support of urban industries to develop new township industries and to bring about an all-round economic upsurge. The other is represented by Wenzhou. In our country, few areas have the advantages enjoyed by the Suzhou, Wuxi, and Changzhou areas, and most areas are still as poor and backward as Wenzhou's previous conditions and cannot rely on a solid existing economic foundation. Therefore, the "Wenzhou pattern" is of wider and universal significance. Other areas can learn more from Wenzhou. However, we should also notice that some of Wenzhou's measures, such as setting up specialized markets, also need special conditions such as having a good foundation for the handicraft industry, having many able craftsmen, and having a long history of conducting commercial activities. Many localities have imitated Wenzhiu to set up specialized markets, but some are successful and some are unsuccessful. The reason is that they do not have the same conditions. Therefore, we should mainly learn from the basic points of Wenzhou's experience rather than its concrete measures, and should create our own ways in light of our specific local conditions.

WANG BINGQIAN AT NATIONAL FINANCIAL CONFERENCE

OW070815 Beijing XINHUA Domestic Service in Chinese 0811 GMT 6 Aug 86

[RENMIN RIBAO reporter Dai Yuqing and XINHUA reporter Tian Chuan]

[Text] Beijing, 6 Aug (XINHUA) — Wang Bingqian, state councillor and minister of finance, spoke at the closing session of the national financial work conference today. He said that the goal to struggle for in the second half of this year is to meet or top the state budget revenue goals, do our best to bring expenditures under the strict control of the state budget, and keep a balance between the nation's revenue and expenditures.

To achieve this goal, the conference set the revenue goals and expenditdure quotas for the various localities and departments during the second half of this year. It also adopted measures to increase revenue, trim expenditures, tap potential, and plug loopholes.

Wang Bingqian said: We always encounter the contradiction between the demand for money and the availability of money in the course of our country's economic growth. In light of the current financial problems and historical experience, he suggested four ways to conscientiously balance revenue and expenditures in ther course of economic development.

First, on balance revenue and expenditures, we must, fundamentally speaking, expand production, enliven circulation, and improve economic efficiency to broaden income sources and to increase revenue. In drawing up a budget, however, we must make an earnest effort to analyze whether the sources of revenue are regular or not, because only regular income, based on normal production growth and expanded commodity circulation, are more reliable and able to cover regular spending. Irregular income from incidental sources can cover incidental expenses or other irregular needs or be used to replenish the working fund. Planning regular spending on the basis of this irregular income will raise the base figure for expenditures and will most probably lead to deficits in subsequent years. In keeping a balance between revenue and expenditures we should take a long-term approach. A single year's deficit is nothing to be afraid of, and striking a balanae for just one year is not difficult. The crux of the matter is to maintain a balance for a fairly a long period without deficits.

Second, financial departments at various levels should rely on themselves to balance revenue and expenditures. Ours is a large nation and there are too many things to be done. There is a wide gap in the financial and economic foundation of different areas. For this reason, the various localities should accurately estimate the amount of money at their disposal, stick to the principle of acting according to their capability, set expenditure quotas in accordance with revenue, rationally arrange expenditures, and strike a balance on their own. They must arrange expenditures according to their financial capability and achieve a balance on the basis of independently making their own financial arrangements. They cannot expect the central authorities to appropriate additional subsidies, nor can they collect irrational charges or funds from enterprises in violation of state regulations.

Third, crucial to the financial balance is whether we will be able to control the scale of capital construction and the too-rapid increase in consumption funds. Historically, the emergence of every deficit had something to do with the scale of capital construction and a too-rapid increase in consumption funds. This is particularly true of consumption funds, because it is very difficult for the base figure to drop once it rises. The worst thing that could happen to the economy would be a simultaneous runaway increase in both capital construction investment and consumption funds. Therefore, we must firmly bring the scale of capital construction and the growth of consumption funds under control.

Fourth, we must take a long-term approach in making expenditure arrangements with the current year surplus, in transferring the surplus, or in drawing on surplus or reserve funds from the previous year. We must leave some necessary leeway in drawing up plans and budgets. Both central and local departments should set aside as much reserve funds as possible and exercise strict control over their use.

Wang Bingqian also offered some opinions on straightening out the guiding ideology for financial work, providing further services for economic development and structural reform, the key points of financial work at all levels, solving the shortage of construction funds, strengthening information work, and raising the quality of cadres. He said that in the future, we should devote more energy to studying financial strategy and policy for capital distribution, coordinate our work with the reform of the economic structure, strengthen financial management at the central level, provide guidance to local financial work, and expand the financial capacity of the central and local authorities. We should gradually reform outdated work methods, and learn how to make money, accumulate funds, and use them in the most effective way in order to clear the way for and serve the vigorously developing situation.

CENTRAL BANK TO TIGHTEN LOAN ISSUE, SUPERVISION

OW070742 Beijing XINHUA in English 0725 GMT 7 Aug 86

[Text] Qinhuangdao, August 7 (XINHUA) -- Bank of China loan policies will begin to favor enterprises involving foreign investment, bank President Wang Deyan said here today. Speaking at a national conference on credit for Sino-foreign enterprises in China, Wang said the bank was particularly interested in helping technology-intensive firms and manufacturers of products for export. "We must be very careful in targeting enterprises for loans, because our loan policies have a substantial impact on the direction of economic development," he said.

Wang noted that although there has been a steady increase in the number of enterprises with foreign investment, a considerable proportion of them concern assembly of foreign components and tourism. Conference participants discussed how to guarantee that funds are available once contracts have been signed with foreigners for joint investment. "We have to figure out a way to stop people from committing Chinese investment capital to projects not in accord with the state plan," Wang said.

As China's credit squeeze continues, he said, the bank will have to find ways to raise more capital, perhaps including measures to attract deposits of the foreign-invested enterprises, seek some loans from the international banks and sell bonds at home and abroad. According to him, the Bank of China is to amend the previous regulations on the credit issue for enterprises with foreign funds in a bid to create better conditions for the development of those enterprises.

To use the limited credit available as efficiently as possible, "we must improve the bank's system for allocating loans and tighten up the way we issue and supervise loans," Wang said. The president also suggested establishing reserves for bad debts as an effort to improve the credit guarantee.

As the state bank in charge of foreign exchange, the Bank of China has worked hard to support the development of joint ventures, cooperatively managed enterprises that use imported technology, and enterprises entirely owned by foreigners, Wang said. It had issued a total credit of 600 million U.S. dollars in foreign exchange and 2.6 billion yuan in renminbi over the last five years. The bank also provides consultancy service and credit surveys for enterprises involving foreign investment. To date, more than 1,000 of such enterprises have opened accounts with the Bank of China.

TIAN JIYUN ON CURRENT ECONOMIC SITUATION

OW061117 Beijing XINHUA Domestic Service in Chinese 1131 GMT 5 Aug 86

[By RENMIN RIBAO reporter Dai Yuqing and XINHUA reporter Tian Chuan]

[Text] Beijing 5 Aug (XINHUA) -- Tian Jiyun, member of the Political Bureau and Secretariat of the CPC Central Committee and vice premier of the State Council, delivered a speech at a national financial work conference on 3 August, elaborating on the current economic situation, financial questions, and the reform of the economic structure and political system of our country.

Dwelling on the current economic situation, Tian Jiyun said: This year the party Central Committee and State Council have adopted a series of correct policies and measures on economic work. These measures are being implemented, and some remarkable results have been achieved. The nationwide economic situation was good in the first half of this year and is expected to be even better in the second half. He pointed out: To further arouse the peasants' enthusiasm to grow grain crops, a series of measures have been adopted this year, such as cutting the contractual grain purchase quota, raising the price of grain supplied by one place to another, using industry to subsidize agriculture, tentatively reducing the selling prices of fertilizers supplied by small chemical fertilizer plants, and improving the system of grain purchase by contract. With the adjustment of our rural production structure, the problem of drastic reduction in grain acreage experienced last year has been corrected. A bumper harvest of summer-ripening grain crops are in fine growing condition, promising a rich harvest as long as no severe natural disasters affecting large areas occur. He stressed: Grain is fundamental to the people's subsistence. It is imperative to grasp very firmly the production, purchase, and sales of grain, and in no way should we take these lightly. Invariably and at all times, we should grasp the questions of agriculture and grain successfully. In carrying out our program of the four modernizations, it won't do if we lack a sound agricultural foundation. In addition, he urged all localities to pay attention to the work of production and purchase of hogs so as to maintain a stable development of hog-raising and prevent excessive ups and downs in this undertaking. He said: Industrial production is also fine as a result of our efforts to strengthen and improve macro control, to further increase enterprises' vitality, and to put into effect and improve the economic responsibility system. The first half of this year saw a 4.9 percent rise in the gross industrial output value compared with last year's corresponding period. The total figure for January through July is expected to grow 5.5 percent from the corresponding period of last year. Especially since March, the growth rate has gone up month by month. Light and heavy industries have shown rather balanced development, and a relatively large increase has been noted in energy production and in the output of raw and semifinished materials and those commodities that suit market requirements. This situation has appeared in the wake of last year's relatively fast industrial development. On the whole, industrial growth is normal and is keeping an appropriate growth rate. Moreover, the market is brisk, while commodity prices remain at much the same level following the adjustment made in the second half of last year. The scale of fixed asset investment has been put under control, but progress of key construction projects has been accelerated. Foreign trade has continued to show a upward trend. The growth of consumption funds is by and large normal. Both the amount of currency withdrawn from circulation and the amount of savings deposits in urban and rural areas have exceeded last year's corresponding period.

In current economic work, Tian Jiyun pointed out, the tasks requiring serious attention and which must be carried out in real earnest are taking feasible measures to raise economic benefits, changing the production structure and the proportions of different varieties of products that are not suitable enough for our consumption pattern and market demands, continuing to strictly control the capital construction scale, and going all out to increase revenue and cut expenditures so as to further develop the excellent situation.

With regard to the financial question, Tian Jiyun said: Last year we had a relatively high economic growth rate, and both our revenues and expenditures were based on this high rate. But this excessively high rate cannot last long. When the economic growth rate has become normal, our revenue and expenditure plans should be adjusted accordingly, and no overly large distributions should be made. Lacking a clear understanding of this, however, some localities and departments do not "base their expenditures on their revenues," but "base their revenues on their expenditures." In other words, they are not keeping their projects within the limits of the money they have but are trying to get money to fill their demands. This is a very "blind" action, and it will create problems. He stressed that it is imperative to take effective measures to attach equal importance to broadening revenue sources and cutting expenditures, and that while promoting production and opening more new revenue channels, particular efforts should be made to reduce expenditures in an endeavor to achieve a financial balance this year. The balance between revenues and expenditures, he pointed out, is conducive to maintaining the fine trend of the sustained, steady, and well-proportioned development of China's national economy, to creating a relatively stress-free environment for our economic structural reform, and to consolidating and developing the excellent situation of stability and unity.

Touching on last year's general tax, financial, and price inspections, Tian Jiyun said: The general tax, financial, and price inspections conducted last year achieved considerable results, which should be affirmed. The inspections not only brought to light a large number of violations of law and discipline in the economic field, but also gave an enormous impetus to the further improvement of party style, the standards of social conduct, and on enhanced awareness of the legal system, policy, and overall interest among cadres and masses. Of course, some localities were a bit too strict and harsh in dealing with certain issues in the inspections. But there were also some localities that were overly lenient. All in all, it is imperative to persist in seeking truth from facts, make concrete analyses of specific questions, continue to do what is right, and correct the few erroneous cases. We should not "whip up a wind," and still less judge the whole by the part. To persist in reform and enliven the economy, we must be steadfast. To ensure the smooth progress and healthy development of reform, inspection and supervision are mandatory. These two things have the same goal and are not contradictory. It is important that we should be good at summing up experience, grasp the policy still better, and achieve even greater success in conducting such general inspections this year.

Referring to the reform of the economic structure, Tian Jiyun said: Through several years of efforts, our country has made very great achievements in reforming the economic structure. The main tasks for this year are to consolidate and improve the reform measures that have already been put into effect and, at the same time, improve macro control, further boost enterprises' vitality, and actively develop lateral economic cooperation among them.

Viewed from the present situation, the work of reform is progressing well, and in particular, lateral economic cooperation is developing in depth and in breadth. As for how to carry out the economic structural reform work next year and in 1988, the State Council is organizing large-scale investigations and studies to be undertaken by the departments concerned. The general guiding principle will be: Overall planning, coordinated reforms in various areas, distinction between primary and secondary tasks, and step-by-step implementation of measures.

Lastly, Tian Jiyun talked about the reform of the political system. He said: To cope with the economic structural reform, we should reform our political system. The economic basis determined the superstructure, while the superstructure reacts on the economic basis. Without the reform of the political system, it will be very difficult to achieve success in reforming the economic structure because the two promote each other. The reform of the political system involves many things. As for how to proceed with this work, we will formulate a reform plan based on the results of serious investigations and studies and the suggestions acquired from various quarters. He stressed: Reforming the political system is by no means negating our country's socialist system. This reform, like the economic structural reform, is to be conducted under the premise of upholding the "four basic principles" and is aimed at changing only those parts and links in the political system that do not mesh with the economic basis. It is a self-perfecting and strengthening process for the socialist political system. The reform of the political system will be carried out under guidance and in a planned and step-by-step way.

GUANGMING RIBAO ON ENFORCING BANKRUPTCY SYSTEM

HK060905 Beijing GUANGMING RIBAO in Chinese 26 Jul 86 p 3

[Article by Hu Ge: "The Implications of Enforcing the Bankruptcy System"]

[Text] Enforcing the bankruptcy system in China is an important measure in reform of the economic system. What are the implications of this reform? This merits serious study.

The aim of the reform is to improve the economic results of the society. The reason we are dealing with the enforcement of the bankruptcy system in the switch from the old system to the new ones lies in the fact that we want to establish a full set of economic mechanisms to unleash the latent power of enterprises so as to improve economic results. The bankruptcy system is an indispensable link in the new economic mechanism. The first implication of enforcing the bankruptcy system in the reform is not to just wash out one or two backward enterprises, or to recover a limited amount of money from the basically bankrupt enterprises. The main purpose is to provide a sense of urgency and pressure for enterprises economically so that they can realize their independent economic positions and independent economic duties. No matter how they operate at present, any enterprise may go bankrupt if it take the matter lightly. The fate of bankruptcy poses an immediate threat to enterprises with bad operations, and is latent threat to enterprises with fairly good operations. The threat of bankruptcy urges all enterprises and people on and will turn muddleheaded people into shrewd ones and lazy people into diligent ones. We often say that socialist enterprises must be responsible for the state and people. [paragraph continues]

However, due to the lack of specific and effective management means, this slogan often becomes a drape to protect some enterprises that operate viciously and nibble at state interests. The bankruptcy system demands that every enterprise assume responsibility for its own life or death and for the long-term interests of its staff members and workers so that it can meet the demand of being responsible to the state by effectively being responsible for itself and its staff members and workers.

To pose a threat to enterprises, there must be economic means to constitute the threat. A bankruptcy threat is extended to enterprises through washing out by bankruptcy. The reason why bankruptcy poses a threat to enterprises lies in that backward enterprises would be washed out by bankruptcy. From the angle of a rational distribution of resources, washing out backward enterprises means washing out backward production equipment, technology, and products. This understanding is of course correct, but not perfect. Washing out backwardness means washing out not only backward modes of production, but also backward operational attitudes, and backward operators. Real life tells us that the waste of resources and poor economic results in production result not merely from backward production conditions. The reason many enterprises have suffered losses for a long time and are unable to make ends meet lies not in their backward production conditions, but in their backward modes of production, and in the lack of ability and irresponsibility of operators. Due to the lack of the bankruptcy washing out system, backward modes of production could not be eradicated and the loss resulting from this was a relatively high percentage. Bankruptcy means washing out, but washing out does not mean bankruptcy. A non-bankruptcy washing out system has existed in China for a long time and is still in use today. This is the system of "shutting down, suspension, amalgamation, and switching," which is known to all. This washing out method has the chracteristic of no involvement of the interests of the washed out enterprises and the sustaining of all losses by the state in the washing out process. This process is in fact a process of transferring backward modes of operation. In other words, the bankrupt enterprises can be transferred to other enterprises and continue to exist. It is thus evident that the system of "shutting down, suspension, amalgamation, and switching" cannot truly wash out backward enterprises. It cannot pose a threat to enterprise economically and cannot give rise to a sense of urgency and pressure within enterprises. This washing out method cannot urge backward enterprises on and put pressure on advanced enterprises, but will give all enterprises the idea: You need not assume responsibility for your backwardness. Therefore, in the view of reform, the washing out method of "shutting down, suspension, amalgamation, and switching" is undesirable.

In short, enforcing the enterprise bankruptcy system in China is an important reform in the economic field. The basic target of this reform is to establish a kind of mechanism that can pose a threat to all enterprises so as to define their duties and unleash their vitality. Understanding this is the key to understanding the bankruptcy system.

GUOJI SHANGBAO ON IMPROVING FOREIGN INVESTMENT

HK010745 Beijing GUOJI SHANGBAO in Chinese 21 86 p 1

[Editorial: "Further Improve the Conditions for Foreign Investment"]

[Excerpts] [Passage omitted] Of the foreign investment enterprises (including Chinese-foreign joint ventures, cooperative enterprises, and foreign-owned enterprises) that have started business or gone into production, most are successful, yielding good economic results and achieving a balance between foreign exchange receipts and payments.

This is beneficial to both the Chinese and foreign sides. However, a number of enterprises, chiefly industrial enterprises, have met with difficulties in varying degrees. Using foreign capital is a new job in our country. We lack experience and, therefore, should constantly identify problems and improve our work in the course of practice. This issue has now been urgently placed on the agenda on a national scale.

In absorbing foreign capital, all countries have their own relative superiorities. What are our superiorities? Our greatest superiority lies in our abundant labor force and low wages and expenses, which make our products more competitive. However, the wage scales of some joint enterprises still cannot suit the needs of competition. In order to give scope to our superiority in this field, it is necessary to implement realistic wage scales and, in light of the different conditions in different enterprises, make rational adjustments. It is necessary to reduce wages which are on the high side to facilitiate the development of joint ventures.

Failure to achieve a balance in foreign exchange represents a fairly conspicuous problem among some enterprises. As a developing country, China is often short of foreign exchange. For this reason, it cannot provide foreign investment enterprises with large amounts of foreign exchange, which is a practical problem. Therefore, in order to develop themselves, foreign investment enterprises should develop export products so that their foreign exchange earnings through exports can meet their own foreign exchange needs. However, with regard to high-grade products in the production of which the foreign partners provide advanced or key technology, or high-quality products which are competitive on the international market, China still persists in implementing the policy of opening up some markets for them. We use these products as import substitutes, for which we pay foreign exchanges. If foreign investment enterprises mass-produce some products which we usually would import from abroad and which conform to our needs, we shall give priority to their use. With the growth in our exports, foreign investment enterprises will also find it easier to solve the problem of achieving a balance in foreign exchange.

Foreign investment enterprises are also confronted with some other problems, such as ensuring the decision-making power of joint ventures, making proper arrangements for short-term credits, improving the supply of production materials, simplifying the procedure for examining and approving imports and exports, and improving work efficiency. The state is taking a series of resolute measures to solve these problems.

In order to run foreign investment enterprises well, it is important for the personnel concerned to reform their ideas. When we run joint ventures with foreigners, we reap half or even more of the practical profits. To expand the use of foreign capital and to make foreign investment enterprises play a greater role in China's economic development, we should not be afraid that foreign businessmen will make more money or make big money. In truth, some foreign businessmen invest in China with their eyes on the future; they do not expect to make big profits in the near future. We should make clear that being beneficial to both parties is the basis for running joint ventures well. So long as they conform to the law, the more money they make, the higher their initiative for investment, and the more money we make. What is there to be afraid of?

AIR FORCE MODERNIZES AIRCRAFT MAINTENANCE

OW070751 Beijing XINHUA Domestic Service in Chinese 2328 GMT 3 Aug 86

[By reporter Cai Shanwu]

[Text] Beijing, 4 Aug (XINHUA) — The aircraft maintenance work of the Chinese Air Force has begun to change its basis from experience to science and is advancing toward modernization, revealed Shen Weinong, chairman of the Special Committee on Aircraft Maintenance Engineering of the China Aeronautics Society, in a recent interview with this reporter.

Shen Weinong pointed out 10 symbolic indications of this:

1. Work has begun to build a theoretical system concerning maintenance work with the characteristics of the Chinese Air Force on the basis of summing up our own experience and assimilating useful experience from foreign air forces.

2. The idea that maintenance means repair work and is a technical skill has been replaced by the guiding thought that maintenance is a branch of science, which creates combat strength.

3. Maintenance work has begun to change from periodic maintenance fo one combining periodic maintenance and maintenance based on the aircraft's conditions. Moreover, it is gradually becoming a job of doing maintenance mainly according to the aircraft's conditions.

4. Considerable results have been achieved in reforming maintenance methods. Aircraft testers [fei ji ce shi che 7378 2623 3261 6107 6508] and many other kinds of advanced examining and testing equipment are used in maintenance work.

5. Repair teams have been formed. This realizes the goal of specializing repair work.

6. All units have established organizations and instituted systems for controlling the quality of aircraft maintenance work. With the application of computers, the managEment of maintenance work is advancing gradually toward modernization.

7. Aircraft maintenance has become a factor to be considered at all times. It is taken into consideration from the stages of aircraft design and construction. Aircraft is designed in such a way as to facilitate maintenance work on the aircraft. This is an historical breakthrough.

8. Extensive scientific research has been carried out on aircraft maintenance.

9. Maintenance work education has been gradually improved, and a system for training maintenance personnel has been established.

10. A large number of people are engaged in theoretical research concerning aircraft maintenance. Wide-scale and intensive scientific research work is being carried out in this regard.

Shen Weinong said that China has a vast territory, and Chinese Air Force airports are located in various parts of the country. As a result of their industrious work, scientific and technical personnel of various departments and units have discovered the procedures for doing aircraft maintenance work in different localities and under different weather conditions and have gained experience in this respect, he added.

In February 1985 China dispatched representatives to attend an internatinal aircraft maintenance conference. At the conference, the Chinese representatives published a thesis, entitled "Aircraft Maintenance in China — The Way Toward Modernization," which evoked the attention of experts and professionals from various countries in the world. This marked the first time China mounted an international platform to lecture on aircraft maintenance.

YANG DEZHI ADDRESSED CAMP FOR SOLDIERS' CHILDREN

OW011638 Beijing XINHUA in English 1435 GMT 1 Aug 86

[Text] Beijing, August 1 (XINHUA) — Zhongnanhai, the site of the Party Central Committee and State Council, today was the host for 159 children of soldiers belonging to PLA units in China's border areas and outlying islands. The children are participants of a summer camping organized by the PLA General Political Department, the State Education Commission and other institutions. They live where their parents are, and the parents of some have died to safeguard China, according to an organizing official.

Speaking at the opening ceremony of the camp, Yang Dezhi, PLA chief of general staff, urged the children to study hard and be prepared to contribute their knowledge and energy to modernizing China and its defense. The campers will observe how the national flag is hoisted in Tiananmen Square, a daily ritual performed by an armed police squadron. While in Beijing, they will also take part in science activities.

ALL-ARMY MASS WORK DIRECTORS' MEETING ENDS

OW050421 Beijing XINHUA Domestic Service in Chinese 1034 GMT 4 Aug 86

[By reporter Xu Jingyue and correspondent Chu Yin]

[Excerpts] Shijiazhuang, 4 Aug (XINHUA) — An All-Army Conference of Mass Work Department Directors, which ended yesterday, pointed out that joint efforts by soldiers and people to build a socialist spiritual civilization is an important way to strengthen Army building after a strategic change has taken place in the guiding ideology for Army building, and it is a concrete measure for the Army to be subordinate to, and serve, the interests of national economic construction. While carrying out its structural reform and reduction-in-strength reorganization, the Army should continue its joint efforts with civilians to build civilized villages and to persist in doing so.

The All-Army Conference of Mass Work Department Directors opened in Baoding City on 1 August. [passage omitted]

According to data provided by the conference, by the end of last year, 18,005 civilized villages had been built through the joint efforts of servicemen and people. [passage omitted]

At the conferece, Song Yingqi, director of the Mass Work Department under the General Political Department, transmitted the requirements set by a leading comrade of the Central Military Commssion for doing a better job in building socialist spiritual civilization through the joint efforts of armymen and civilians. All army units should particularly get rid of such confused ideas as making joint efforts to build socialist spiritual civilization being an "added burden" and an "expedient measure" for the Army, and "such efforts affecting the building of the Army." It is necessary to adhere to the following basic principles: To build a socialist spiritual civilization through joint efforts under the leadership of local party committees and governments, and around the local central task; to carry out profound education in ideals, morality, culture, and discipline by putting stress on ideological and political work; and to mobilize the masses to educate themselves. It is necessary to combine the building of spiritual with that of material civilization, the joint efforts of armymen and civilians to build socialist spiritual civilization with those to train qualified personnel for the four modernizations, and such joint efforts with the Army's own endeavor to build itself. While striving to do this, the Army should do people good turns and contribute to building civilized villages and towns.

The directors of major army units' mass work departments attended the conference.

CHONGQING RIBAO ON HISTORY OF ROCKET USE

HK061001 Sichuan CHONGQING RIBAO in Chinese 21 Jul 86 p 4

[Article by Wen Xiang: "Chinese Rockets and Rocket Control Experts"]

[Text] The Martial Prowess of Chinese Rockets

Following the emergence of gunpowder, as far back as the 12th and 13th centuries, powder-propelled arrows, that is, primitive rockets, appeared in China. Five hundred years ago (in the Ming Dynasty), a militarist named Wan Hu equipped a wooden chair with 47 small rockets. As he held a kite, he told people around him to light all the rockets so he could attempt to fly. Unfortunately, he failed, because the propulsion of the rockets was inadequate. From then up to the founding of New China, many people with lofty ideals devoted their efforts to the development of China's space technology. But they made very little progress due to the limitations of various objective conditions. Only after the five-star red flag was hoisted on Chinese soil, did rocket research in China begin to embark on a broad road. In the 1970's, China succeeded in both manufacturing and launching a number of multistage carrier rockets. From 27 October 1966 up to the present time, it has conducted quite a number of space experiments and launched 18 satellites.

China-made rockets are now used to launch not only Chinese satellites but also foreign ones. On 22 January this year, the Chinese Ministry of Aeronautical Industry signed an agreement with a Swedish space company on launching a postal satellite for the company. Originally, the (Rayter) [lei te 7191 3676] Corporation of the United States was ready to use a U.S. space shuttle to launch two communications satellites. But not long ago, the corporation asked China to launch the two satellites for it due to the explosion of the space shuttle "Challenger".

What are rockets, after all? Modern rockets mainly refer to flying implements propelled by rocket engines. Sometimes rocket engines are called rockets for short. A modern rocket is composed of a payload, a fuel container, a propulsion device, and a control system. It carries all its own fuel (including incendiary agents and oxidizer) and can fly at a high speed in airless space. Rockets can be used to survey a high-altitude atmospheric layer and to launch satellites and spaceships. In the military field, they can be used as rocket weapons. Guided rockets can transport to designated areas or put into orbit payloads such as satellites and spaceships. Rockets generally refer to carrier flying implements, whereas warheaded and guided rockets are generally called "missiles."

A carrier rocket composed of two or more joint rockets is called a multistage carrier rocket. The China-made "Changzheng" set of rockets stand above average in the international rocket family. The "Changzheng No 1" rocket used to launch China's firt satellite is a three-stage solid-liquid propellant carrier rocket. Its first and second stages are liquid propellant rocket engines and its third stage is a solid propellant rocket engine. Its diameter is 2.25 meters, and it is 29.45 meters long in all. Its throw weight is 81.6 tons, with a launch force of 112 tons. The "Changzheng No 3" rocket used to launch a communications and broadcast satellite in February this year is a huge multistage carrier rocket. With technologically advanced, low temperature, and high functional liquid hydrogen and liquid oxygen propellants, the rocket accurately launched the communications satellite to an altutude of 3,600 kilometers where it went into a geosynchronous orbit. This indicates that China's multistage carrier rockets have a powerful propellant force and a high degree of safety, reliability, and accuracy, and that its manufacturing and guided flight technologies have reached advanced international levels.

Rocket Control Expert Zong Shaolu

Manfacturing highspeed multistage carrier rockets requires huge projects and is very difficult. Manufacturing guided rockets, that is, controllable and guided flying implements (such as satellites and spaceships), which operate in the direction and route designated by man, is an even more complex problem involving various branches of science and technology. A slight oversight, ommission, or error in design, calculation, or manufacturing could cause irremediable losses and social effects, such as the tragic explosion of the U.S. Space Shuttle "Challenger." What is gratifying is that China has a number of brilliant rocket design and manufacturing experts as well as rocket control experts. Zong Shaolu, a rocket control expert and senior engineer who has been awarded on many occasions for his achievements in research on rocket control systems, is an outstanding representative in this regard.

After graduation from the auto-control department of Qinghua University in 1959, Zong Shaolu began to link himself with space technology. Over the last 20 years, together with his colleagues, he has devoted his efforts to the study of the theory of rocket control and of how to put this theory into practice. Sometimes he sits at his desk for several days pondering complicated formulas, so absorbed as to forget food and sleep. When the research into rocket control systems had just started, China was far behind developed countries in terms of the electronics industry, intensive processing, and computer technology.

Without the necessary technological guarantees, it would be impossible to accurately put a satellite into a syncrhonous orbit or to make a missile hit its target. In this difficult situation, he and his collegues made up their minds to take their own road without waiting for others' help or relying on others. As a result, they overcome many unimaginable difficulties and helped China's research into rocket control systems reach an advanced level accepted by the world.

In his scientific research career of over 20 years, not only has this rocket control expert paid much attention to his research work, but he has also devoted his time and effort to helping his colleagues with their research. Over the last 20 years, he has written many research reports and corrected articles in academic magazines. However, as he seldom makes public appearances, people know little about his brilliant contributions.

A serious of new achievements which have helped enhance the country's prestige, such as the successful experiments of China's missiles and nuclear weapons, the launching of carrier rockets to the Pacific, and the experiments and use of the two communications satellites, all embody the painstaking efforts and creativity of Zong Shaoulu.

SHAANXI-HEBEI RAILWAY ASSESSED, PLANNED

OW062338 Beijing XINHUA Domestic Service in Chinese 0646 GMT 6 Aug 86

[By reporter Xie Jing]

[Text] Qingdao, 6 Aug (XINHUA) -- During a recent meeting to study the feasibility of building a railway linking the Shenmu coalfield in northern Shaanxi with a port in the east, a leading group composed of cadres of the State Council's Energy Development Office and the State Planning Commission opted for a plan to build a Shuoxian-Shijiazhuang Railway.

Shenmu coalfield is an exceptionally large coal deposit, newly discovered in northern Shaanxi. The deposit has over 100 billion metric tons of verified reserves of quality coal which can be easily mined. Transportation, however, is a problem which must be resolved before the area can be developed into a base producing coal for power generation and export. In other words, a route must be built so that coal can be delivered to a port along the eastern coast, where it can be exported, or transported by sea to various provinces and municipalities in eastern and central south China. Construction of the western section of the route -- the Shuoxian-Shijiazhuang railway -- has now been decided. After repeatedly comparing and assessing the various options, most of the experts present maintained that, as far as the western part of the route is concerned, a Shuoxian-Shijiazhuang Railway would be the best choice. As for the route linking Shijiazhuang to a port in the east, more economic and technical analysis and assessments will be conducted before a decision can be made, because of the many options provided by the relatively great number of ports.

WAN LI ATTENDS URBAN REFORM MEETING IN TIANJIN

OW301904 Beijing XINHUA Domestic Service in Chinese 1359 GMT 29 Jul 86

[By reporter Fan Yinhuai]

[Excerpt] Tianjin, 29 Jul (XINHUA) -- Vice Premier Wan Li called a meeting on urban reform here today. After receiving briefings from leading comrades of the municipal, district, and county departments, he said that urban reform should begin with our efforts to bring into full play the initiatives of units and workers who are directly involved in creating wealth, and that this should be the yardstick in evaluating the success of urban reform. He also said we should review our experience to further improve our reform. Chen Junsheng, secretary general of the State Council, received briefings along with Vice Premier Wan Li. Li Ruihuan and other Tianjin municipal party and government leaders attended the meeting. [passage omitted]

After hearing the report from the responsible comrades of the municipal and district units, Comrade Wan Li said: People used to "wait, rely on others, and make demands." Now they are more active and tend to take the initiative, and work diligently and concretely. This is a big change. He praised the municipality for delegating more financial power to its districts and counties. He said: "Only by supporting and developing production in every possible way can we increase revenue. This is a basic point in improving our finances." [passage omitted]

After listening to the report of the responsible person of the Tianjin municipal department store on reforming business management, Wan Li pointed out: An important point in business management reform is to protect consumers' interests and provide convenient service to them. It is necessary to improve service manners and to stress improving service quality.

Vice Premier Wan Li explained in particular the guidelines of urban reform. He pointed out: Regardless of the types of reform measures, we must try to bring into full play the initiative and creativity of our enterprises and workers and to arouse their spirit to work hard. This is a fundamental question.

WAN LI URGES DEMOCRATIZATION OF POLICY MAKING

OW310856 Beijing XINHUA in English 0829 GMT 31 Jul 86

[Text] Beijing, July 31 (XINHUA) -- A senior Chinese leader called here today for the democratisation of policy making process in China and making the process more scientific. Wan Li, member of the Political Bureau of the Chinese Communist Party Central Committee and vice-premier of the State Council, stated that developing socialist democracy fully was a vital part of the reform in China's political system, entailing the democratisation of policy making and adoption of scientific methods. He said this at a national symposium on soft science, which closed here today.

Wan Li stated, "We have not yet established a rigorous system and procedure for policy decision-making, nor have we had an adequate support system, consultancy system, appraisal system, supervision system and feedback system for that purpose."

As a result, he said, "there is no scientific way of testing the soundness of a policy made in that manner." It was already too late when a policy decision was found seriously wrong, he commented. The time to effect a change in this situation is overdue, he said. Otherwise, he stressed, "our socialist system will remain imperfect and the national economy will not be able to develop continuously and steadily.

He attributed the practice of making hasty decisions among leading officials to the influence of China's centuries-old feudal society and small production economy, backwardness of scientific and cultural education, imperfect legislation and problems with these officials with regard to their quality and democratic workstyle. "It is essential to conduct a re-education on the need of democratic and scientific policy decision-making throughout the Communist Party and the nation, especially among the leading officials."

He said, "our leading officials at various levels, as a whole, show basic qualifications as a leader. However, a problem common to many officials is an insufficient awareness of the importance of democratic and scientific policy decision-making and necessary abilities." Legislation, in this respect, will provide a greater guarantee for the democratization of policy making process, Wan Li said. This will bring legal protection to people engaged in the policy researches.

LIAOWANG REPORTS ON RURAL EMPLOYMENT ISSUE

HK041556 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 30, 28 Jul pp 15-17

[Article by Xiao Li: "China's Approach to Solving the Employment Pressure in the Countryside"]

[Excerpt] In Beijing, there are two noticeable markets. One is a market of housekeepers composed of women; the other is a market of carpenters composed of men. There are about 40,000 to 50,000 housekeepers in Beijing, who mainly come from the countryside of Anhui, Jiangsu, and Hebei; and the carpenters are also peasants from various localities.

A girl who came from Wuwei county, Anhui Province, said that there are 11 people in her family, seven of whom are able-bodied people. However, all the farm work of the household only needs three able-bodied people, and four people in fact have no work to do. So she and her sister came to Beijing to work as housekeepers, and two of her brothers entered a construction team in the village.

An official of the Ministry of Agriculture, Animal Husbandry, and Fishery told this reporter that China has now a labor force of 500 million people, accounting for one-tenth of the world's 5 billion people. This can be considered as a huge resource. As present, the farm land in China only requires 200 million people to till it, and the entire labor force is estimated at about 340 million, so there is a surplus labor force of more than 100 million people in China's rural areas. It is expected that with the enhancement of the labor productivity and the emergence of a new labor force, rural surplus labor force will increase to some 180 million people by 1990. How to transfer this surplus work force from farming to other industries is a new question facing China.

The Shift of the Focus in Employment Work

To arrange the employment of more than 100 million peasants is an arduous task that China has not dealt with before. Over the past 30 years and more, China's employment work has been always focused on cities and towns, and little attention has been paid to things in the countryside. In fact, the job shortage in the countryside is no less serious than that in cities.

China is a big agricultural country with a large population and a comparatively small area of arable land. Due to the growth in population, the per capita of farmland decreased from 3 mu in the 1950's, to merely 1.5 mu in the 1980's; and the average area of farmland managed by each rural working person decreased from 9 mu to 5.03 mu. According to the current productivity level and the conditions since the adoption of agricultural production responsibility system in recent years, each rural working person is able to manage more than 10 mu of farmland. This means that there is a huge surplus labor force in the countryside.

According to statistics, about 30 to 40 percent of the country's work force in agriculture is redundant. It is expected that the focus of the country's employment arrangement work will inevitably be shifted to the countryside in the next 5 years.

Four Alternatives

The basic conditions of China are: A large country, a large population, and a weak economic foundation. This determines that the surplus rural work force will not be shifted to other industries very quickly, and cannot be completely shifted to cities. They can only be reemployed gradually through diverse channels at different levels. In view of the current conditions in our country, experts hold that there may be four alternatives to solve this issue:

First, shifting labor force from the farming industry to forestry, animal husbandry, fishery, and various sideline occupations so as to accelerate the internal adjustments of labor force in agriculture. [passage omitted]

Second, shifting labor force from agriculture to the secondary and tertiary industries. [passage omitted]

Third, shifting labor force from densely populated areas to sparsely populated areas, from developed areas to backward areas, and from interior areas to border areas.

Fourth, organizing export of labor services.

To sum up, apart from readjusting the agricultural production structure to create more jobs, we should take the development of township enterprises as the main way to arrange employment for the surplus rural work force.

Hope Lies in Township Enterprises

Since the CPC adopted the production responsibility system in rural areas, township enterprises have been developing rapidly and have become the main pillar of the rural economy.

The proportion of the total output value produced by these enterprises in the total rural social production increased from 26 percent in 1980 to 40 percent in 1985, and their output value in 1985 was equal to China's total industrial and agricultural output value in 1966. That is to say, the current production capacity of the township enterprises is equal to the industrial production capacity of the whole country 20 years ago. [passage omitted]

So far, township enterprises in the whole country have employed 70 million peasants, and more than half of them are concentrated in eastern coastal provinces. So long as the township enterprises in less developed areas can keep pace with the national average growth rate, it will not be too hard to recruit another 30 million peasants into these enterprises in the next 5 years.

HAO JIANXIU VISITS XIZANG GEOTHERMAL POWER PLANT

HK310533 Lhasa Xizang Regional Service in Mandarin 1130 GMT 28 Jul 86

[Excerpts] Accompanied by Doje Cering, deputy secretary of the regional CPC Committee and chairman of the regional People's Government, Comrade Hao Jianxiu, secretary of the Secretariat of the CPC Central Committee, and her retinue inspected Yangbaijin, Xigaze, and Gyangze from 25 to 27 July and conducted investigation and research on exploiting geothermal and tourism resources, and developing nationality handicraft industry in these areas.

In Yangbaijin, Comrade Hao Jianxiu delightedly visited the geothermal power plant, the geothermal greenhouse, and [words indistinct]. She inquired in detail about geothermal-generated electricity and the comprehensive use of geothermal energy. Comrade Hao Jianxiu extended best regards to the workers and praised all the workers of the geothermal power plant for making contributions to industrial production and people's daily lives in Lhasa. [passage omitted]

Comrade Hao Jianxiu happily wrote a few words of encouragement for the geothermal power plant: "Exploit geothermal energy, benefit the people, blaze new trails, and carry out great plans."

In Xigaze and Gyangze, Comrade Hao Jianxiu visited an exhibition of nationality handicraft and nationality arts and crafts, and the Gyangze nationality costume plant. [passage omitted]

Comrade Hao Jianxiu put forth valuable suggestions on developing tourism and nationality handicraft industry. [passage omitted] She encouraged young people to earnestly study cultural knowledge, improve their skills, produce more nationality handicrafts, and make some contributions to developing Xizang's tourism and invigorating Xizang's economy.

HAO JIANXIU ENDS VISIT TO XIZANG 31 JULY

HK041049 Lhasa Xizang Regional Service in Mandarin 1130 GMT 31 Jul 86

[Text] Hao Jianxiu, secretary of the Secretariat of the CPC Central Committee, and her party successfully concluded their inspection of, visit to, and investigation and study of our region and left Lhasa by plane on 31 July? [paragraph continues]

Those who went to the airport to see them off were leading comrades of the regional party and government, including Wu Jinghua, Pagbalha Geleg Namgyai, Duojecering, Mao Rubo, Dangzingp Zhang Xiangmin, and Tudao Doje; and leading comrades of departments concerned and Lhasa City, including Yang Youcai, Wang Guangqi, and Yang Houdi.

Hao Jianxiu and her party came to our region on 15 July to inspect and guide work. Over the past 16 days, they adhered to the principle of doing practical work and doing their best for the people of all nationalities of Xizang and went successively to factories, rural areas, organs, schools, and sentry posts in places, including Lhasa, Nyingchi, and Xigaze to come extensively into contact with the cadres and the masses of all strata, such as the party, government, army, people's organizations, and schools. They penetratingly and meticulously investigated and studied our region's tourism work, light and textile industries, nationality handicraft industry, energy exploitation, forest resource protection, and the work of women's federations and the CYL, and put forward many valuable views, which will play an important part in guiding the building of the two civilizations in our region.

On the afternoon of 30 July, Hao Jianxiu, secretary of the Secretariat of the CPC Central Committee, delivered an important speech at a rally of cadres at and above the regional departmental and bureau levels. She analyzed the current situation in Xizang and gave clear and definite instructions on several problems of economic work.

In her speech, Comrade Hao Jianxiu analyzed the current situation in Xizang and emphatically put forward important views on economic work, particularly on strengthening tourism work. Comrade Hao Jianxiu said: "Through investigation and study, we have deepened our understanding of Xizang work. In a word, Xizang's situation is very good. Xizang is full of promise. This has been specifically expressed in the facts that the party's policies on nationalities and religions have been further implemented, the people of all nationalities of Xizang support party leadership still more, and the ideological line has been straightened out; the ideas of going further in negating the Cultural Revolution, in eliminating leftist ideological influence, and in straightening out the ideological line, and of basing everything on Xizang realities, of doing everything to develop the productive forces, and of doing everything for the well-being of the people of Xizang have struck root in the hearts of the people; the leadership group of the regional CPC committees has been working with one heart and one mind; economic and cultural work and all aspects of work have developed healthily; peasants' and herdsmen's livelihoods have constantly improved; and there has been a good start in opening to the outside world and strengthening exchanges at home.

Comrade Hao Jianxiu said: In accordance with the principles and policies of the central Authorities and in the light of Xizang realities, we hold that at present, it is necessary to do the following several aspects of work well:

It is necessary to give full play to the role of the existing enterprises, to strengthen management, and to put economic results above everything else. Some factories in Xizang are full of vitality but the quality and management level of the enterprises are very uneven. A fairly large number of enterprises have not fully tapped their productive potential. We hold that the region must constantly investigate and study the existing enterprises according to trades and systems of ownership. Why have some enterprises made profits? Why have some others incurred losses? What methods should we use to turn losses to profits? [paragraph continues]

We must clearly distinguish between reasons in the aspect of policy and reasons in the aspect of management. If the reason is in the aspect of policy, the regional CPC committee and regional government must consider readjusting the policy. If it is because management cannot catch up with development that losses are incurred, consolidation must be carried out in a specified period. We must, by no means, hold that as Xizang is backward and its conditions are poor, we can set low standards in enterprise management and be content with things as they are.

We must master knowledge, learn technology, and manage our existing enterprises well. The region must somehow set up some enterprises; otherwise, it cannot extricate itself from its poor and bvackward state. However, it enterprises do not make profits, when more factories are set up, burdens will be heavier and financial budens will also be heavier. To strengthen enterprise management and turn losses to profits, the fundamental method is to begin with the smash the iron rice bowl, the tapping of potential, the constant carrying out of technological transformation, and the improvement of the quality of products, so as to attain the aim of a benign cycle. The method of management in which a state-run enterprise is owned by the state, is run by the collective, must pay taxes in accordance with regulations, and must assume sole responsibility for its profits and losses, which has been put forward by the regional CPC committee, is very good. It is hoped that the application of this method will be stepped up without delay.

The nationality industry and handicraft industrial enterprises in the region must be supported. On the basis of not impairing the interests of herdsmen and not restricting outflow, a policy of support must be implemented toward raw materials enterprises, including sheep's wool. It is necessary to change the export of raw materials to the export of processed goods, to change the rough processing of goods to the fine processing of goods, and to strive to change the product mix.

With a view to encouraging technological transformation, the region can reduce or remit taxes, issue loans at with low interest or without interest. All enterprises which have a close connection with people's livelihood and which use raw materials must be supported.

Prices must not be controlled and circulation must be unimpeded. We must poromote production by doing a good job in circulation. To strengthen Xizang's economic development and to fulfill the region's Seventh 5-Year Plan, it is essential to have unimpeded circulation. To create unimpeded circulation, it is imperative to adhere to the principle of regarding market regulation as the main work and to gradually change the current phenomenon that the prices of many commodities purchased by the state are higher than their selling prices. Some 30 kinds of industrial products of the whole region now have unified prices. It is necessary to gradually lift the control over these prices in a planned and systematic way. After control over the prices is lifted, to ensure the masses' living standards, if prices are not lowered, a fixed anount of grain and oil subsidies must be given to urban residents. Prices of salt, kerosene, and tea must be continuously fixed in a unified way. Transport subsidies must be given according to the actual amounts sold.

[Words indistinct] must be changed to [words indistinct] so as to allow commercial enterprises to do business independently and to assume sole responsibility for their profits and losses. To create unimpeded circulation, it is imperative to adhere to the principle of regarding collective-run and individual-run enterprises as the main body and to vigorously develop collective-run and individual-run enterprises. [paragraph continues]

So long as commercial departments can supply peasants and herdsmen with all kinds of means of production and means of subsistence, peasants' and herdsmen's enthusiasm for production will surely be aroused, so that the commodity economy can develop relatively greatly.

We must solve the problem of capital in many ways. Xizang is a piece of valuable land which awaits exploitation. Money is needed everywhere. How can we solve the problem of capital? We hold:

1. The money given by the central authorities must be spent where it is needed most.

2. We must learn to raise funds in many ways and these are the most crucial way: We must formulate a series of policies and arouse the masses' enthusiasm for raising funds. We must be good at attracting specialized households and individual households to make investment. We must vigorously develop lateral economic ties with all provinces, municipalities, and autonomous regions and adopt a policy on giving them preferential treatment. We must asborb foreign capital and use the methods of joint ventures, wholly-owned enterprises, cooperative operation, and compensation trade. Xizang has had economic contacts with many countries and regions. It is hoped that it can solve the problem of capital as soon as possible.

Regarding the problem of qualified personnel, the central authorities have now demanded that 16 provinces and municipalities train qualified personnel for you. This is a good thing. However, it is insufficient to rely on this only. You must put education in an important position. Veteran artisans are also qualified personnel. I have emphasized on many occasions that they must teach apprentices well so that there is no lack of successors to carry on the nationality handicraft industry. The great majority of intellectuals coming to Xizang fervently cherish the plateau and are determined to devote themsleves to the plateau. We must show great concern for them. We must vigorously solve for them the problems which can be solved.

It is necessary to protect the ecological balance and to pay attention to exploitation and comprehensive utilization in forestry. At present, what is most urgent is to strengthen forest management. it is essential to simultaneously carry out lumbering and planting of trees to ensure and econological balance. We must resolutely disseminate and enforce the forestry law so that everyone understands the important significance of protecting forests. The rational lumbering of trees is necessary but we must take the road of comprehensive utilization. In doing so, we can enable the people of the forest zones to get rich.

Regarding the development of tourism work, Xizang has many world extremes -- the highest peak, the highest city, the highest palace, the highest lake. No where in the world can be compared with it. Many people throughout the world yearn to see Xizang. If Xizang develops tourism, its construction pace will be speeded up. Tourism work is both economic work and foreign affairs and propaganda work. It is closely related to the building of the two civilizations. All departments, trades, and professions must contribute toward the development of tourism work.

The rally was presided over by Wu Jinghua, regional CPC Committee Secretary. Comrade Wu Jinghua demanded: The regional CPC committee and government and party groups of all departments and bureaus must seriously study and discuss Comrade Hao Jianxiu's speech and carry out her instructions one by one.

After the conclusion of the rally, Hao Jianxiu and others met the representatives of the old, middle-aged, and young intellectuals of the Federation of Trade Unions, CYL, and Women's Federation who were in Xizang and of the famous artisans of the nationality handicraft industry. The former also had a group photo taken with the latter to mark the occasion.

At the invitation of NPC Vice Chairman Bainqen, full of zest, Comrade Hao Jianxiu and her party visited Great Master Bainqen's (Deqin Fozhuang) in Lhasa and were warmly welcomed by the working personnel of the (Fozhuang).

GUOJI SHANGBAO ON GOALS FOR EXPORT STRUCTURE

HK020510 Beijing GUOJI SHANGBAO in Chinese 17 Jul 86 p 1

[Editorial: "New Changes in the Export Structure"]

[Text] In the first half of this year, substantial evidence in China's export situation showed that new changes are taking place in the structure of exportation, and the propotion of manufactured goods exported is on the increase. China has just started the "two changes" in the structure of commodity exports as proposed by the Seventh 5-Year-Plan. This means changing the export of primary goods to the export of manufactured goods and changing the export of roughly machined products to the export of finish machined products. Under the situation in which competition on the international market is becoming more intense, China's export trade has not only made up most losses brought about by the drop in oil prices, but has also grown on large scale. Such as achievement is not easy to make. After reviewing this, we conclude that our past experience and the enlightenment brought by it are worth cherishing.

This year we started early and grasped export work firmly, as well as adopted effective policies and measures. From the central authorities down to the local leadership at various levels, we attached great importance to earning foreign exchange through export. Workers in all departments concerned and enterprises enthusiastically carried out plans for earning foreign exchange through export so that we could give full play to our export advantages and gradually tap our export potential.

In the first half of this year, the most obvious changes in the structure of export are: The output volume of manufactured goods increased. Light industry and textile products, as well as agricultural, sideline, and native products, were the pillars of export. The production and exportation of these products require small investment sums and short turnover periods, yet bring quick and good economic results. We must strive to maintain and strengthen this developmental trend. This is not just because of the drop in oil prices, which indicates that the period has gone when China's increase in oil demand mainly depended on oil exports. Moreover, judging from the present and a long-term viewpoint, China has maintained rather good and stable advantages for producing light industry and textile goods, as well as agricultural, sideline, and native products. The light industry and textile goods, as well as agricultural, sidelines, and native products, are consumer goods. Whether or not there is a world economic recession has relatively little effect on this market. So long as we continuously develop marketable, quality, and distinguished products and strengthen our promotion work, we shall have steady sales. China is rich in resources for producing agricultural and sideline products and has a wide variety of crops and wild plants. The export of agricultural products (such as broad beans), which is a large quantity, has bright prospects. [paragraph continues]

The export of numerous native products, which are a small amount, is also promising, as many a little makes a mickle. Commodities that are produced on a small scale can become large scale ones when they become popular. There are numerous examples in the world showing success in this respect. For example, China has great potential in exporting livestock and fresh goods to Hong Kong and Macao. According to statistics, Hong Kong's food demand accounts for more than one-third of its total consumption, and 80 percent of its food demand is met by importation, including many items which China has not exported yet. China should also improve quality and upgrade its current export commodities.

The current consumption trend of the world shows that people now want healthy food, natural fiber textiles, and personalized practical handicrafts. Such consumption demands are favorable for China's export. Producing and developing these kinds of products are advantages of China. With tradition agricultural technological knowledge about food and Chinese medicine, long-standing and brilliant Oriental technology, strong manpower, and rich resources, China is actively importring and assimilating suitable advanced technology from overseas and is creating favorable conditions for developing light industry and textile goods, as well as agricultural, sideline, and native products. Some personalized products such as handicrafts are still handmade. The method of computer-controlled production is still not popular. While the labor-intensive export goods of some developed countries are declining, China should give play to its strong point of having abundant manpower and low production costs. It should greatly develop labor-intensive products and make this an important part of export development strategy.

Richly endowed by nature, China has abundant deposits of coal, some nonferrous metals, rare metals, and other minerals. In addition, it is improving its electrical machinery's quality and it is developing exports. Undoubtedly, to develop minerals and to export electrical machinery is a strategic goal for China's long-term development. But we must not be slack in our present work. Proceeding from the situation in the near future, we still have to focus on light industry and textil goods, as well as agricultural and sideline products, when expanding our exports.

In order to expand our exports, we must rally the strength of various areas. A key to achieving this rests with the advancement of science and technology. We must, therefore, pay close attention to this area. To attract foreign capital for jointly developing export products is also an effective method.

In order to fulfill and overfulfill this year's export quotas, in the second half of this year we must carry out our tasks in an unremitting manner. The growth base of the second half of last year was high. It is therefore more difficult for us to maintain a continuous growth in the second half of this year. We must carry out work in down-to-earth manner, take advantage of the best opportunities in the international market, and utilize all favorable factors. The readjustment of the Renminbi foreign exchange rate has created favorable conditions for expanding exports. So long as we work hard to improve the structure of export commodities, continuously make innovations, and strengthen our adaptability to the international market, we shall maintain long-term stable development of exports.

XI ZHONGXUN, TIAN JIYUN VIEW APPLIANCES EXHIBIT

OW022114 Beijing Domestic Service in Mandarin 0600 GMT 31 Jul 86

[Text] The Guangdong Household Electrical Appliances exhibition-fair has come to a close.

Leading comrades Xi Zhongxun, Tian Jiyun, Zhou Peiyuan, Chen Xilian, and Wang Ping viewed the exhibition-fair in the Beijing Exhibition Hall's west annex before it opened. Xi Zhongxun and Tian Jiyun viewed various household electrical appliances displayed in scores of booths with keen interest.

Comrade Xi Zhongxun said: People in Guangdong are willing to use their heads, and they produce many new things. Tian Jiyun encouraged guangdong's electrical appliance enterprises to go on researching and producing new things and strive to export more.

KANG SHIEN, SUN WEIBEN ATTEND GAMES OPENING

SK060208 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 5 Aug 86

[Excerpts] The opening ceremony of the Sixth Heilongjiang Provincial Games was ceremoniously held in Daqing City on 5 August. [passage omitted]

(Li Xiyuan), secretary general of the presidium of the games and vice mayor of Daqing City, declared the opening of the games at 1000. Sports teams in a valiant and heroic manner walked up to the rostrum amid the majestic music. Seated on the rostrum were Kang Shien, state councillor; Sun Weiben, Hou Jie, Chen Yunlin, Wang Yaochen, Wang Feng, Wang Luming, Lu Wang, An Zhendong, Liu Zhongli, Jing Bowen, Yang Zirong, and Wang Fei, provincial party and government leaders; Chen Jinhua, Gan Zhijian, Wu Jinfa, Li Tianxiang, Jiao Liren, [words indistinct], Wang Min, Zang Kejia, (Xie Guoguang), (Han Yongfa) and Yang Guangqi, responsible comrades of the central and state departments and commissions; Liu Jingsong, Liu Zhenhua, [words indistinct], Shao Zhao, and [words indistinct], responsible comrades of the Shenyang Military Region and the Heilongjiang Provincial Military District, and Chen Liemin, Zheng Yaoshun, Xue Guobang, (Gao Shizhong), and Daqing City party and government leaders. Also seated on the rostrum were heads of diplomatic missions in China dispatched by the United States, Japan, the FRG, and Britain, and nearly 100 foreign friends. [passage omitted]

Governor Hou Jie presented the banner of the Sixth Provincial Games to Zheng Yaoshun, organizer of the games and mayor of Daqing City. [passage omitted]

On behalf of the presidium of the games, Vice Governor Jing Bowen delivered an opening speech at the ceremony. [passage omitted]

WAN LI MEETS VISITING FOREIGN SOCCER TEAMS

OW060530 Beijing XINHUA Domestic Service in Chinese 1428 GMT 4 Aug 86

[Text] Beijing, 4 Aug (XINHUA) — In a meeting today with the heads of the foreign delegations which took part in the Great Wall Cup soccer tournament, Vice Premier Wan Li welcomed the delegations' visit.

The delegation heads were (Masanko Ponifasi) of the Red Devil team from the Congo; Kim Kum-taek of the Pyongyang team from DPRK; Yoshisada Okano, honorary leader of the Mitsubishi team from Japan, and Tadao Murata, leader of the team; and (Lasot Karor) of the Warsaw team from Poland.

Present at the meeting were Li Menghua, minister in charge of the State Physical Culture and Sports Commission, and Yuan Weiming, president of the Chinese Soccer Association.

ANHUI SECRETARY SPEAKS ON RURAL REFORM

OW060815 Hefei Anhui Provincial Service in Mandarin 1000 GMT 4 Aug 86

[Excerpts] Fengyang County in recent years [words indistinct] has provided experiences for and made further contributions to the whole country. Under the new circumstances, it is necessary to continuously liberate our minds and to boldly take the second and third steps toward rural reform in order to accelerate the development of the rural commodity economy and to give the people more material benefits.

The above remarks to county and township cadres were made by Li Guixian, secretary of the Anhui Provincial CPC Committee, during his tour of Fengyang County to inspect rural reform and development of the commodity economy. On 2 August, Comrade Li Guixian came to Fengyang County, the first county to carry out the agricultural production responsibility system, to investigate and study. [passage omitted]

On 2 August, after hearing the report by the responsible comrades of the Fengyang County CPC Committee on the county's rural reform and economic development, Comrade Li Guixian said: The people of Fengyang, having emancipated their minds and having been the first to carry out the agricultural production responsibility system, have courageously taken the first step toward rural reform, this completely changing to outlook of Fengyang, which was notorious for its poverty throughout history. Meanwhile, its providing experiences and setting a good example for the whole province and the whole nation need to be fully recognized. However, we must not merely be satisfied with solutions to people's food and clothing problems; we must take the reform situation of the whole country into account. To make the people better off, we must adopt bolder methods and more measures in bravely taking new steps toward rural reform.

Comrade Li Guixian stressed: First, leading cadres should emancipate their way of thinking and strive to arouse the peasants' enthusiasm as much as possible so as to speed up the development of the rural commodity economy and to let the peasants benefit more from it. This is the basis on which we map out various policies for rural development. Leading cadres must alter their workstyle, change the management method of administrative decrees, and provide better services to the peasants in commodity production.

When speaking of how to further carry out the second stage of rural reform, Comrade Li Guixian focused on three aspects: 1) We must continue readjustment of the production structure, which is a strategic issue. [passage omitted] 2) We must invigorate circulation, which is the key to development of the commodity economy. [passage omitted] 3) We must pay attention to technology and personnel procurement by vigorously learning and utilizing advanced agrotechnology and by attracting qualified personnel with all-out efforts and with flexible measures. Instead of being jealous of them, we must protect and encourage those who are bold in and good at achieving prosperity. It is important to train qualified personnel, young people in particular, so that they will become the major force in developing the rural commodity economy.

SHANDONG IMPROVES PROSPECTS FOR RETIRED SOLDIERS

SK060747 Jinan Shandong Provincial Service in Mandarin 2200 GMT 5 Aug 86

[Text] According to the figure disclosed by the provincial meeting, which concluded on 4 August, on job placement for retired servicemen officers, the number of retired army officers who have been placed by our province this year accounts for 10.2 percent of the total number in the country and the province ranks first in this regard in the country.

In order to further do a good job in this regard, our province has conducted reforms in the measures of job distribution this year. In job placement for the retired army officers, cities and prefectures may hold direct neogtiations with the PLA units on personnel placement. The provincial office in charge of job placement for retired servicemen and officers should be responsible for assigning in a unified way the retired officers from the PLA units stationed in Jinan City, who must obtain the recommendation issued by the authority of the military region, to the provincial level organs.

The new measure adopted for this work has organically integrated the personal record of retired officers with the work of job arrangements. The PLA units amy recommend their retirees to the relevant local units in line with their personal records and citites and prefectures also may directly select their employees in line with the capabilities listed in the personal records. This way we will not only avoid the blindnes in job arrangements and benefit in the employment in line with personal capabilities but also will bring into full play the work enthusiasm of on-the-job cadres among the PLA units.

QINGDAO ECONOMIC-TECHNICAL ZONE DEVELOPED

OW060950 Beijing XINHUA in English 0931 GMT 6 Aug 86

[Text] Qingdao, August 6 (XINHUA) -- The coastal city of Qingdao in Shandong Province will invest over three billion yuan (810 million U.S. dollars) building an economic and technical development zone during the Seventh Five-Year Plan period (1986-90). The 15-square-kilometer zone is in Huangdao, an area on the western bank of the Jiaozhou Bay across from Qingdao. Qingdao Mayor Guo Songnian told XINHUA today the emphasis on construction of the zone -- rather than development within Qingdao -- marked a "major shift in city planning." Guo said two ferries would begin providing service from Qingdao to Huangdao by the end of the year and that eventually they would be replaced by a tunnel under the bay. The mayor said so far foreign investors have shown "a good deal of interest" in the project, which needs about 200 million U.S. dollars in foreign investment to succeed.

"We've already had 328 groups of business executives from abroad come to look at the area," said Guo. "and we've gotten agreements from investors from the United States on such projects as a mechanized embroidery mill, a laser hologram technology development company and a liquid crystal video screen factory." A joint venture with a Japanese firm to make plastic products will open by the end of the year, and 20 other projects are in negotiation between zone officials and overseas investors, he said. The city has also begun work on a new 900 million yuan (243 million U.S. dollars) harbor in Quanwan near Huangdao. The harbor will handle more than 40 million tons a year, according to Guo. Combined with the oil wharf currently being built at Qingdao harbor, that will enable area ports to handle nearly 100 million tons a year, equivalent to Shanghai's harbor, now China's largest. Guo said water supply, electricity, telecommunications and transportation systems have been completed in the zone along with industrial workshops, warehouses, office buildings and apartment houses. Construction of a hotel, mocrowave communication facilities, and commercial and service facilities are under way.

GROUP TO DIVERT HUANG HE COURSE NEAR SHANDONG

OW040952 Beijing XINHUA in English 0930 GMT 4 Aug 86

[Text] Jinan, August 4 (XINHUA) -- Chinese scientists have suggested that dikes on the Yellow River estuary be raised while digging a new river course to divert water into the sea and ensure the safety of oil exploration in this area. China's second-largest river -- the Yellow River -- brings about 1.2 billion tons of silt into the sea and forms a land refill of 40 to 50 square kilometers a year. The area is rich in oil deposits.

An official of the Shandong Provincial River Administration told XINHUA today that when the Shengli oilfield began operation in this area in the early 1960s, the flow of the river and its silt aroused the attention of the central government. To reduce the rise of the river bed, and prevent its overflow and tidal waves from the sea, the Shengli oilfield, China's second-largest next to Daqing, erected dikes along the river banks and on the beach.

The Ministry of Water Resources and Electric Power and the Yellow River Harnessing Committee called on scientists to study and discuss how to harness the river course at the estuary covering 7,400 square kilometers between Bohai Bay and Laizhou Bay.

One suggestion was to dig a new course and divert the water only after the silt reached the limit. "This measure is economical and safe," said a scientist. "China has changed the Yellow River course three times since 1949 with this method," he noted.

A number of scientists thought that raising dikes and changing the river course could not solve the basic problem of silt in the river bed. On the other hand, it would bring about a migration problem.

Professor Qian Weichang, a noted Chinese physicist, proposed using the principle of eddy flow concussion to reduce the silt in the course. "With this method," he said, "mechanical means are used to cause the river to swirl, and silt is brought to the sea by the large flow."

A scientist from a People's Liberation Army unit suggested removing the silt by bombing the river bed. Wang Xidong, chief engineer of the Dongying Maintenance Office, succeeded in using a dredger to stir the silt, which would then be carried away by the flow in a 1,000-meter river section. After collecting the opinions of the scientists, the provincial River Administration is raising dikes and digging a new river course to divert water into the sea. The new course will traverse a sparsely-populated saline-alkali area, according to the administration.

SHANGHAI LEADERS ATTEND ARMY DAY MEETING

OW021438 Shanghai City Service in Mandarin 0000 GMT 1 Aug 86

[Text] An army-people meeting to celebrate the 59th anniversary of Army Day was held at Shanghai's (Mei Qi) Theater yesterday afternoon. Prior to the meeting, Rui Xingwen, Jiang Zemin, and other leading comrades of the party and government organizations in the municipality met cordially with the leaders of PLA units and the armed police in Shanghai, showing deep feelings among the Army, the government, and the people.

Jiang Zemin, municipal deputy party secretary and mayor of Shanghai, offered warm Army Day greetings to all the commanders and fighters of the PLA Army, Navy, Air Force, and Armed Police units stationed in Shanghai, on behalf of the municipal party committee, the municipal government, and the Shanghai people.

He said: Over the years, commanders and fighters of naval and air force units, the Military Medical College No 2, the Air Force Political Institute, and the municipal armed police of the Shanghai Garrison District, in addition to fulfilling training, patrol, academic, guarding, engineering, and production tasks, have at the same time actively participated in and contributed much to local construction.

On behalf of the units stationed in Shanghai, Shanghai Garrison Commander Ba Zhongtan expressed heartfelt thanks to the municipal party committee, the municipal government, and the Shanghai people. He said the troops would carry forward the glorious tradition of supporting the government and cherishing the people, strengthen unity among the army, the government and the people, and contribute its share in revitalizing Shanghai's economy.

Last night, Shanghai Young Pioneers, commanders and fighters stationed in Shanghai, Shanghai Armed Police, the Air Force Political Institute, and the Military Medical College No 2, a total of 2,000 people, held a campfire evening party called "revolutionary torch passes one generation to another" at the youth palace.

GUANGZHOU CADRES GET PEOPLE'S VOTE OF CONFIDENCE

OW070634 Beijing XINHUA in English 0559 GMT 7 Aug 86

[Text] Guangzhou, August 7 (XINHUA) — Over 97 percent of the leading cadres in Guangzhou, capital of Guangdong Province, won the vote of confidence in a recent public opinion poll by the city government, the "PEOPLE'S DAILY" reported today.

The poll, which began last April, covered 138 offices under the city and lower governments. More than 27,000 people offered their comments on the performance and competence of the cadres and cast secret ballots. Voters also recommended new cadres.

Xu Shijie, secretary of the Guangzhou City party committee, told the press that cadre appraisal and recommendation with mass participation was a good way to find out talented people.

Cadres failing to get the confidence vote included those who have been in their posts for years as well as newly promoted ones, Xu said. The voters were not satisified with their work style and way of thinking or lack of organizational power or lack of aggressiveness in work. Xu said that the city government will base itself on the results of this poll to promote cadres.

He said that democratic appraisal of cadres has activated the democratic atmosphere and the city party committee has decided to make it an annual event.

HAIKOU HOLDS FOREIGN ECONOMIC RELATIONS MEETING

HK060255 Haikou Hainan Island Service in Mandarin 0300 GMT 4 Aug 86

[Excerpts] From 30 July to 2 August, the Hainan Administrative Regional People's Government held a meeting in Haikou City on the work of foreign economic relations and trade in the Han areas, demanding and trade system, throughout the region arouse their enthusiasm, straighten out operations, speed up the establishment of a system for the production of exports, expand the market for exports, raise the work of utilizing foreign capital and importing technology to a new plane, and lay a good foundation for the new development of foreign economic relations and trade in our region.

(Chen Xiaongxi), responsible person of the Hainan Administrative Regional People's Government, presided over the meeting and made a work report. Meng Qingping, the principal official of the Hainan Administrative Regional People's Government, summed up the meeting.

Certain achievements were scored in the work of foreign economic relations and trade of our region in the first half of this year and the situation was relatively good. In the first half year, the whole region fulfilled 60 percent of the annual quota for export and earning foreign exchange. The amount of export and foreign exchange was 68 percent more than in the same period last year. [passage omitted] However, many problems and difficulties also existed.

Through study and the implementation of the spirit of the provincial conference on foreign economic relations and trade work, the comrades present at the meeting summed up their work in the first half year and strengthened their confidence in fulfilling the quota for export and earning foreign exchange for the second half year.

In his summing up of the meeting, Comrade Meng Qingping said: The main task of foreign economic relations and trade work of our region for the second half of this year is to establish well the system for the production of exported commodities, to expand exports to earn foreign exchange, and to raise the work of utilizing foreign capital and importing technology to a new plane.

He stressed that it is necessary to adhere to applying the principle of opening up to promote exploitation, to take advantage of the resource strengths of this island, to fully tap internal potential, to build bases of various different exported commodities with Hainan characteristics, and to establish and gradually perfect a system for the production of exports. Governments and foreign economic relations and trade departments of all places must strengthen leadership over the system for production, formulate a specific program for developing every commodity, and establish a system for the production of exported commodities by stages and in a systematic and planned way.

Comrade Meng Qingping demanded that leaders at all levels and departments concerned must establish five big concepts -- market, information, prices, benefits, and laws, and do three aspects of work well:

1. It is necessary to define the aim of utilizing foreign capital, to straighten out guiding ideology, and to make good use of foreign investment.

2. It is essential to strengthen management and to run well the three enterprises which have already been set up.

3. It is imperative to sum up experience, to draw lessons, and to constantly enhance the level of the work of utilizing foreign capital.

Comrade Meng Qingping also demanded that the system of foreign economic relations and trade must continue to improve the political and professional quality of the ranks of foreign economic relations and trade cadres and workers.

HENAN TO SELECT PROVINCIAL BUREAU DIRECTORS

HK051303 Zhenzhou Henan Provincial Service in Mandarin 2200 GMT 3 Aug 86

[Text] With the approval of the provincial CPC Committee and Government, the Organization Department of the provincial CPC Committee will soon carry out a pilot project on holding open elections for directors and other leaders with professional knowledge for the provincial Environmental Protection Bureau and the provincial Animal Husbandry Bureau. This pilot project is an attempt to discover and select leading cadres in various channels by relying on the masses, to promote competition among talented people, to actively and steadily reform the cadre system, and to explore a new way to select, assess, and employ cadres in practice.

The pilot project will be divided into four stages, namely, preparation, recommendation, examination and assessment, and employment. It is now in the recommendation stage. Those who perform well politically; unhold the four basic principles; support the party's line, principles, and policies; have good ideological quality; are honest and upright in their ways; are ready to dedicate themselves to the province's environmental protection and animal husbandry; have professional knowledge about environmental protection and animal husbandry; have relatively strong abilities in organization and leadership; reach the cultural level of a college student or above, including those who reach the level by self-study; are under 50 years of age; and are in good health are eligible for recommendation by others or themselves.

Those comrades who recommend others or themselves must submit before 20 August basic information and recommended posts for the candidates to the Talented People Exploitation Group under the Young Cadres Office of the provincial CPC Committee Organization Department. On the basis of extensive recommendation, the Talented People Exploitation Group, in conjunction with the relevant units and specialists, will verify the information, examine and test the candidates, and selectively employ outstanding candidates in accordance with cadres management rules and legal procedures.

The Talented People Exploitation Group, which consists of members from the provincial CPC Committee Organization Department, the provincial Labor and Personnel Department, The provincial Urban Construction and Environmental Protection Department, the provincial Agriculture and Animal Husbandry Department, the provincial Social Sciences Academy, and the provincial Scientific and Technological Cadres Bureau, has now started its work.

It is sincerely hoped that those comrades who are very concerned about the province's environmental protection and animal husbandry will actively recommend others or themselves.

HUBEI PROVINCIAL DEPARTMENTS SUPPORT ARMY REFORM

HK051235 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 1 Aug 86

[Excerpt] All provincial departments have actively helped commanders and fighters of the PLA stationed in the province resolve concrete difficulties, thus supporting army reform and building with their practical actions. The relevant provincial departments have resolved or given satisfactory answers to 35 difficult questions raised by army units stationed in Wuhan.

At the beginning of this year, while carrying out the activities of supporting the Army and giving preferential treatment to family members of revolutionary servicemen and martyrs, the provincial government visited cadres and soldiers on their own and solicited their opinions. After making a summation, the provincial government promptly instructed the relevant units to study and resolve the problems raised by army units stationed in the province in nine fields including goods supply, land and housing, training places, schooling and employment of wives and children of servicemen, and communications and traffic. [passage omitted]

HUBEI SECRETARY SPEAKS ON IDEOLOGICAL WORK

HK051500 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 3 Aug 86

["Excerpts" of provincial CPC Committee Secretary Guan Guangfu's 28 July speech at the provincial conference on ideological and political work]

[Excerpts] Comrade Guan Guangfu said: The provincial CPC Committee has held this conference mainly because it wants to further implement the spirit of the national party congress, to study and understand the spirit of the directive of the central authorities on ideological and political work, to sum up and popularize the successful experiences of all places in ideological and political work, to commend the advanced individuals and advanced collectives in this aspect, and to study how to do ideological and political work so as to further strengthen and improve ideological and political work and to promote still better the building of two civilizations and reform of the economic and political structure of our province.

On the basis of the views of the provincial CPC Committee Standing Committee, I shall deal with the problems in five respects as follows:

1. Appraisal of Ideological and Political Work of Our Province Over the Past Years.

Since the 3d Plenary Session of the 11th CPC Central Committee the ideological and political work of our province has been gradually enhanced in the course of exploration and has gradually progressed in the course of reform. [passage omitted] Of course, at the same time, many problems are still pending. The achievements scored in ideological and political work are, as a whole, mainly expressed as the following:

First, the effecting of the fundamental change in ideological and political [words indistinct] has played a role in vigorously pushing forward the smooth progress of economic construction and the healthy development of all reforms throughout the province.

Second, it has played a role in markedly promoting the improvement of the quality of people's ideology, the change of the spiritual style and features of society, the growth of the advanced typical examples on all fronts, and the dissemination of the advanced deeds.

Third, so far as ideological and political work itself is concerned, a large number of advanced typical examples in ideological and political work have emerged and some new experiences have been accumlated.

In comparison with the requirements of the new period and with the situation in the development of the building of material civilization, the following problems of ideological and political work of our province still exist.

First, we lack correct understanding of the importance of ideological and political work.

Second, we have not attached sufficient importance to and exercised leadership vigorously enough over the ideological and political work in our practical work.

Third, over the past 2 year, although the quality of the political work teams of our province has improved after readjustment, there are still problems in ideology and work and their work style and method of work do not suit the situation.

Fourth, there are few modes and methods of the ideological and political work and they are not applied flexibly.

2. Fully Understanding the Position and Role of the Ideological and Political Work in the New Period.

He expounded these problems in five aspects:

First, we must view the position and role of ideological and political work from the dialectical relationship between politics and economy. [passage omitted] The ideological and political work in the new period is to serve the fulfillment of the general task and general aim of the party. If the orientation and way of the ideological and political work in which we engage is correct and the modes and method are applied flexibly, it will speed up the development of the situation.

Second, we must view the position and role of ideological and political work from the history of our party. The ideological and political work of our party is an important component part of the party's work and is a fundamental link of the party in exercising correct leadership. [passage omitted]

Third, we must view the position and role of ideological and political work from the current and future missions of our party. Embarking on socialist modernization, developing productive forces of society, and constantly enhancing the standard of the material life and spiritual life of the masses are the great histroical missions shouldered by our party in the new historical period. With a view to accomplishing these fundamental tasks, we must carry out great reform, centered on economic construction, in all realms, including production relations and superstructure. This reform is an all-round reform. We must carry out not only reform of the economic structure, scientific and technological structure, and educational structure but also reform of the political structure. To suit this, a profound reform will also surely be carried out in the ideological realm. [passage omitted]

Fourth, we must view the position and role of ideological and political work from the important significance of strengthening the building of spiritual civilization. The building of socialist spiritual civilization includes two aspects: 1) ideological building; 2) cultural building. The most important aspects of ideological building are revolutionary ideals, morality, and discipline. Revolutionary ideals, morality, and discipline can only strike root in people's minds through vigorous ideological and political work.

Fifth, we must view the position and role of ideological and political work from the basic aim and task of ideological and political work. Ideological and political work is the work of educating people, the work of training and educating people, and the work of improving the ideological and political quality of people.

3. Inheriting and Carrying Forward the Excellent Traditions and Persisting in Using the Spirit of Reform To Explore a New Way of Ideological and Political Work.

He said: To strengthen ideological and political work in the new period, in addition to solving the problem of why we should strengthen it, we must also solve the problem of how we should do so. Judging from the situation in doing ideological and political work in some units over the past few years, we can summarize the fundamental experiences in ideological and political work in the new period and the effective fundamental methods into the following several aspects:

First, we must persist in making ideological and political work serve economic construction and structural reform. [passage omitted]

Second, we must adhere to the principle of democracy. [passage omitted] Building up a high degree of socialist democracy is one of the basic targets and basic tasks of our party and state at the present stage. Therefore, it is of course a great target and task of ideological and political work. When we do ideological and political work, we must follow the principle of democracy. [passage omitted] We must handle well the relationship between democracy and centralism, between freedom and discipline, between persuasion and education and strengthening management, and between encouraging healthy trends and eliminating unhealthy trends.

Third, we must adhere to seeking truth from facts, tell the truth, and strive for practical results.

Fourth, we must adhere to the principle of linking ideological and political work with material interests and help the masses get rid of their worries and resolve their difficulties.

Fifth, we must persist in systematic theoretical education and at the same time do our daily ideological and political work well.

Sixth, we must persist in making cadres set an example and stress that example is better than precept.

Seventh, we must persist in linking the resoluteness of the principles with the flexibility of the modes and methods so that ideological and political work can be done healthily and actively.

4. Vigorously Strengthening the Quality of the Ranks of Ideological and Political Work

Focusing on this problem, he dealt with three points:

First, it is necessary to improve the quality of the ranks of ideological and political work. [passage omitted]

Second, it is essential to put the ideological and political work organs on a sound basis and to uphold the authority of the ideological and political work departments. All ideological and political organs which were unsuitably abolished or amalgamated in the past must be restored. The schools, factories, rural areas, and scientific research units which have vacancies for ideological and political work cadres or whose forces of ideological and political work cadres are too weak must be provided with the personnel as soon as possible. [passage omitted]

To give full play to the important role of the party's propaganda departments in the course of building spiritual civilization and of ideological and political work, the provincial CPC Committee Standing Committee has decided that the post of a CPC Committee's Propaganda Department director at and above the county level throughout the province must in principle be taken up by CPC Committee Standing Committee member at the same level. An important executive meeting of the government at and above the county level must be attended by responsible cadres of a CPC Committee's Propaganda Department at the same level as nonvoting delegates so as to allow them to understand the situation in the development of the overall work and to do ideological and political work, still better, centered on economic work and the practice of structural reform.

Third, it is imperative to solve certain practical problems of ideological and political work cadres.

5. Really Strengthening Leadership Over Ideological and Political Work

He said: How can we strengthen leadership over ideological and political work now? In addition to the foregoing problem of understanding, the problem of method, and the problem of ranks, we must do well in grasping the following several tasks:

First, it is necessary to do well dividing up the work between the party and government and adhere to the principle that party organizations must take care of the party's affairs.

Second, it is essential to give guidance according to different categories, to firmly grasp the weak links, and to make use of typical examples to impel work.

To do ideological and political work, we must first lay stress on strengthening party-building, the building of leadership groups, and education for party members and carry forward the party's three important workstyles. At present, we must also further correct the unhealthy trends within the party. [passage omitted]

Third, it is imperative to give full play to the role of social sciences, culture, and fine arts in ideological and political work.

Fourth, we must do well in grasping the study of the theory of ideological and political work.

Fifth, we must organize the forces of all quarters to do ideological and political work well together. We must establish a system where, under the leadership of a CPC Committee, we must all do ideological and political work together. [passage omitted] Our province has 2.1 million party members and 2.34 million CYL members. They account for approximately one-tenth of the total population of the whole province. Party organizations at all levels direct their ideological and political work toward party and CYL members. If the work is done well and they are mobilized and organized, they will become an amazing force which will do ideological and political work with the masses. Therefore, to strengthen ideological and political work, it is necessary to give full play to the exemplary role of the Communist Party members, to the forward role of the leading cadres, and to the vanguard role of the CYL members.

SICHUAN MAKES ARRANGEMENTS FOR SPARK PLAN

HK060743 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 5 Aug 86

[Text] The overall arrangements for the province's medium-term 5-year Spark plan have been basically firmed up, and short-term arrangements for this year and next year are well under way. Initial results are expected this year for 25 percent of the province's total number of projects.

The focus of the province's Spark plan during the Seventh 5-Year Plan is to further organize scientific and technological forces from all parts, to develop effective technology which can yield fast results in a short time, and to carry out, in a coordinated way, the exploitation of 200 items, including 12 famous-brand and fine-quality agricultural and sideline products. In addition, the province will apply new technology to promote the development of agriculture, forestry, animal husbandry, sideline production, and fishery in Daxian and (Panji), an old revolutionary base area and a remote minority nationality area.

Of the projects covered by the province's short-term Spark plan for this year, 65 are state and provincial level projects. In implementing the Spark plan, all prefectures, cities, and autonomous prefectures have selectively defined over 100 short-term prefectural and city-level projects. Most counties have also defined their projects for this year. To ensure that these projects are fulfilled one by one so as to bring along the others, before carrying out short-term Spark plan projects at all levels, the province invited specialists from various fields to once again conduct feasibility studies in the areas of technological foundation the implementation of plans, and economic results.

YUNNAN FLOODS DISRUPT ROADS, COMMUNICATIONS

HK060159 Kunming Yunnan Provincial Service in Mandarin 2200 GMT 5 Aug 86

[Excerpts] Continuous torrential rains in Yunnan since late July have damaged 43 highways managed by the provincial authorities, disrupting traffic. The provincial Communications Department and Industrial Bureau have rapidly organized cadres, engineers, technicians, and workers to work hard to crash-repair these roads.

The most serious conditions are in southeastern and southwestern Yunnan, where the roads were hit by particularly serious floods, causing traffic blocks in many places. Some bridges and culverts were destroyed by the flood waters and the road surfaces were washed away in many places. As a result, traffic became paralyzed.

After the disaster occurred, the provincial Communications Department and Industrial Bureau held an urgent meeting to arrange crash-repair work. [passage omitted] By 4 August, some of the blocked roads in [word indistinct] Autonomous Prefecture had been reopened to traffic. Due to damage in many places, traffic on the Kunming-Lincang road has to take a detour through Jinggu. [passage omitted]

CHEN XITONG SPEAKS AT BEIJING ANALYSIS MEETING

SK020811 Beijing BEIJING RIBAO in Chinese 26 Jul 86 p 1

[Excerpts] The municipal CPC Committee and the municipal People's Government recently held a meeting to analyze the development of the rural economy during the first half of this year. At the meeting, leading comrades in charge of agricultural affairs from various districts, counties, bureaus, the general company, and units concerned concentrated on studying the five No 1 documents issued by the central authorities and holding discussions on the issue of how to uphold the principle of conducting reforms, how to further improve the responsibility system with payment linked to output, how to firmly grasp grain production, and how to enliven commodity circulation.

During the meeting, the participating comrades basically unified their understanding and clearly discerned their work orientation through the study of the five No 1 documents issued by the central authorities during the period since 1982, by bearing in mind the experience gained by the municipal suburbs in enforcing the responsibility system with payment linked to output, and by holding discussions with their opened minds. [passage omitted]

In concluding the meeting, Chen Xitong, mayor of the municipality, delivered a speech in which he emphatically pointed out: In enforcing the responsibility system, it is imperative to follow the principle of distribution according to work, to overcome egalitarianism, and to uphold the principle of giving more pay to those who have worked much, less pay to those who have worked less, and no pay to those who have not worked. In improving the responsibility system in rural areas, attention should be paid to guarding against the "recurrence of the practice of eating from the same big pot." Chen Xitong stated: In improving the responsibility system, it is necessary to proceed from the actual situation, to take into account the standard of local productive forces and the leading ability of local cadres, and to enforce the responsibility system that is suitable to the local condition. He also pointed out that efforts should be made to further promote the development of the commodity economy in suburban areas while improving the responsibility systems.

Wang Xian, adviser to the municipal people's government, attended the meeting and delivered a speech. Huang Chao, vice mayor of the municipality, delivered a speech of summation. In their speeches, they stated: Organizing the leading cadres in charge of agricultural affairs to study in a systematic manner the important documents issued by the central authorities over the past few years is unprecendented in the municipality. Thus, the forum is not only a meeting of study, but also of discussions on the actual situation, ideological guidelines, and the improvement of understanding. It will play an important role in conducting reforms in the suburban villages and developing the economy.

BEIJING MEETING ON CORRECTING MALPRACTICES

SK060850 Beijing BEIJING RIBAO in Chinese 30 Jul 86 p 1

[Excerpts] Beijing Municipality has scored certain achievements and has made a good start in correcting the malpractices which have cropped up in various trades. However, by no means should we exceedingly appraise the achievements. The party committees and the departments at all levels should earnestly implement the principle of making unremitting effotts while adopting a long-term plan and deepen the work of correcting malpractices which have cropped up in various trades. [paragraph continues]

This is the view emphatically pointed out by leading comrades of the municipal CPC Committee and the municipal People's Government at the municipal meeting opened on the afternoon of 29 July to exchange the experience gained in correcting malpractices which have cropped up in various trades.

Han Boping, vice mayor of the municipality, presided over the meeting at which, Chen Xitong, secretary of the municipal CPC Committee and mayor of the municipality, and Jin Jian, deputy secretary of the municipal CPC Committee, delivered speeches. Meng Zhiyuan, Standing Committee member of the municipal CPC Committee, also attended the meeting.

At the meeting, the party committee of the municipal telephone bureau delivered a report on introducing their experience gained in correcting their malpractices. To deepen the work of correcting the malpractices which have cropped up in various trades throughout the municipality, the meeting urged the units to earnestly study the successful experience gained by the municipal telephone bureau and other units in this regard, which can be summarized as follows:

1. Efforts were made to heighten the understanding of leading cadres on the need and importance to correct malpractices which have cropped up in various trades. [passage omitted]

2. By proceeding from straightening out party style, work emphasis was placed on dealing with problems committed by leading cadres. [passage omitted]

3. A good job was done to vigorously conduct education on ideology, establish regulations and rules, and improve systems to upgrade the quality of the contingent of cadres, staff members, and workers.

4. Efforts were made to strictly pay attention to the limits among the policies and the principle of seeking truth from facts. [passage omitted]

5. Efforts were made to bring into play positive factors to promote the program of building a spiritual civilization. [passage omitted]

6. Efforts were made to follow the mass lien and to receive supervision conducted by the masses. [passage omitted]

The meeting pointed out: Correcting the malpractices cropping up in various trades is a big event. Not only the party committees at all levels; but also the governments at all levels, the various departments, and the mass organizations, should grasp the work. Under the unified leadership of the party committees, efforts should be made to make concerted efforts, to work closely together, to unswervingly deepen the work of correcting malpractices which have cropped up in various trades, and to achieve results in conducting the work.

NEI MONGGOL SEEKS FOREIGN ECONOMIC COOPERATION

OW051850 Beijing XINHUA in English 1350 GMT 5 Aug 86

[Text] Hohhot, August 5 (XINHUA) -- The Inner Mongolia Autonomous Region will focus its efforts for developing its "abundant mineral resources and raw materials" on economic cooperation with overseas firms, Bu He, chairman of the regional government, said here today.

The resources include coal, salt, natural soda, petroleum, iron, limestone, graphite, gypsum, marble, timber and forestry by-products, animal by-products and farm products, he told the opening session of a fair on international economic and technological cooperation. He promised preferential treatment for foreign investors, including tax cuts, marketing, and the use of foreign exchange and land.

During the fair, Inner Mongolian authorities will propose 70 projects for cooperation with foreign firms in such areas as woolen textiles, leather, metallurgy, machine-building, building materials, chemicals and food processing. Foreign business people can also choose from nearly 800 varieties of goods for export.

Bu He, himself a Mongolian, said, "Our region has the largest verified rare-earth reserves in the world and ranks first in China in reserves of niobium, natural soda and casting-mold sand."

Coal reserves are estimated at 200 billion tons, among the largest in the country. Covering 1.18 million sq km, Inner Mongolia is one of China's five major pastoral areas and a principal producer of wheat, maize, soybeans, sugar beet and timber.

The region now trades with 50 countries, and Hong Kong and Macao.

NEI MONGGOL DELEGATION RETURNS FROM AUSTRIA

SK050515 Hohhot Nei Monggol Regional Service in Mandarin 2200 GMT 4 Aug 86

[Text] After successfully ending its visit to the Republic of Austria, the Nei Monggol Regional People's Government delegation headed by Chairman Bu He returned to Hohhot on the morning of 4 August.

Leading Comrades of the regional party and government and responsible persons of the departments concerned welcomed the delegation at the railway station. The delegation headed by Chairman Bu He was invited to Austria by (Joseph Keleichiboli), governor of the Styria State of the Republic of Austria.

During their visit in Austria, Chairman Bu He and the delegation members investigated in detail Austria's industry, agriculture, and animal husbandry and visited some plants and families of peasants and herdsmen. They also held further discussions with the Austrian officials about the joint construction of the Jining-Tongliao railway in our region. The delegation was received with warm and friendly sentiments by the people wherever they went.

After returning to China, the delegation stayed in Beijing for a short period during which the delegation members were feted by Wolfgang Wolte, Austrian Ambassador to China, and his wife. Chairman Bu He also gave a return banquet.

HOHHOT WRITERS COMMENT ON LITERARY ATMOSPHERE

OW051028 Beijing XINHUA in English 0955 GMT 5 Aug 86

[Text] Hohhot, August 5 (XINHUA) -- Feng Mu, vice-chairman of the Chinese Writers Association, says China is heading toward a "more relaxed and harmonious atmosphere for writing."

In remarks released today from a conference here of Inner Mongolian artists and writers, Fang said last Thursday the years since the ending of the "Cultural Revolution" in 1976 have been the "most lively and creative" in the history of Chinese literature.

"A hundred flowers indeed did bloom" during the decade, said Feng, one of China's leading literary critics. He was referring to the ancient Chinese "hundred flowers" metaphor for cultural freedom. "In the past decade, we have seen new themes and new styles of writing emerge," he said. "And we have seen that there is nothing to fear from creativity -- fine works will stand, and poor ones will disappear."

At present, he said, both the Chinese Communist Party and the Government are supporting "freedom in literary creation." But more needs to be done, he argued. "It takes work to provide the most hospitable atmosphere possible for creative writing," said Feng. "But it should be our first important task." Such an atmosphere welcomes diversity, he said. " We must be able to listen to different views and allow others to hold them, and we must not rush to criticize new ideas that contradict the accepted wisdom."

Feng advised writers to give a second thought to ideas that have been accepted as truth since ancient times, and make independent judgements of whether these are valid. At the same time, he said, literary critics should be generous in their analyses. "People should not use their authority to stifle what is different."

SHANXI MEETING URGES STRUGGLE AGAINST ECONOMIC CRIME

HK050131 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 4 Aug 86

[Summary from poor reception] The provincial CPC Committee held a telephone conference on cracking down on economic crime on 4 August. The meeting called on the whole party and the whole of society to further promote the general battle to strike at economic crime and crush the arrogance of economic criminals.

Wang Senhao, deputy secretary of the provincial CPC Committee, summed up the achievements in this work in the first half of the year and put forward the following demands on the party committees at all levels:

1. Unify thinking and strengthen leadership. "It is essential to understand that cracking down on serious economic crime means directly guaranteeing the smooth progress of opening up, invigoration, and reform."

2. Vigorously publicize the importance of this struggle.

3. Get a good grasp of investigating and dealing with major and important cases.

4. The party committees must do a good job in investigating the state of the work in all systems and units and ensure that the work is not done in a superficial way.

5. The party committees must seriously implement party policy and act according to law.

6. The party committees must strengthen leadership over the struggle against economic crime and put it in an important place on their agenda.

Zhang Bangying, member of the Standing Committee of the provincial CPC Committee and secretary of the provincial Discipline Inspection Commission, presided at the meeting. He called for the struggle against serious economic crime to be integrated with conducting education in professional ethics and correcting sectoral malpractices.

HEILONGJIANG LEADERS HEAR ANTIFLOOD BRIEFINGS

SK030456 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 2 Aug 86

[Text] On the afternoon of 2 August, Sun Weiben, secretary of the provincial CPC Committee, Shao Zhao, commander of the provincial Military District, and Wang Lianzheng, vice governor, heard flood prevention briefings given by (Song Limin), deputy commander of the provincial Flood Prevention Headquarters, and others.

At present, Nenjiang Prefecture is the most seriously flooded area. On 25 July, the flood crest at (Humengzhan) along the Nen Jiang exceeded the warning water level. Areas beyond the Fengman Reservoir on the upper reaches of the No 2 Songhua Jiang have experienced rainfall measuring a total of 90 mm for 4 successive days, thus forming the flood crest. In the course of flowing down the river, this flood crest will meet with flood waters in the Nenjiang Prefecture. After 7 days the flood water will move down to Fuyuzhan on 9 August and will rapidly meet with the main stream of the Songhua Jiang after 5 to 10 days and approach the Nen Jiang flood crest. Around 16 August it will meet with the Lalin He waters, with a flow rate of 500 cubic meters per second, and will arrive in Harbin around 20 August. The rate of flow of the flood crest may reach some 6,500 cubic meters per second, and the water level will be 118.8 meters, exceeding the warning water level by 1 meter.

Based on the analysis of the above-mentioned flood situation, (Song Limin), deputy commander of the provincial Flood Prevention Headquarters, called for efforts to heighten our vigilance against a surprise attack by floods and waterlogging, speed up the progress of repairing and reinforcing projects for preventing flood and waterlogging, do a good job in removing silt from rivers, attend to flood prevention work in the urban areas, prepare for dispersing the people, and organize all trades and professions to participate in the flood prevention fight.

After hearing briefings, Sun Weiben, secretary of the provincial CPC Committee, pointed out: At present, we should not be numb or harbor the idea of leaving things to chance. We should think of the worst and strive for the best. Leaders at all levels should foster the idea of preventing serious floods.

HEILONGJIANG LEADERS AT DAQING PROJECT CEREMONY

SK050335 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 4 Aug 86

[Recorded report on ceremony to mark the operation of the first phase of the Daqing 300,000-ton ethylene project on 4 August 1986]

[Excerpt] A grand ceremony to mark the operation of the first phase of the Daqing 300,000-ton ethylene project was held on 4 August. [passage omitted]

At 0902 leaders and foreign guests stepped up to the rostrum. They were Kang Shien, state councillor; (Song Tingwu), (Cheng Yuhua), (Li Rengui), (Zhu Jingwen) and (Zhang Bijun), responsible persons of state departments concerned; Sun Weiben, Hou Jie, Liu Zhenhua, Liu Jingsong, and [words indistinct], responsible persons of Heilongjiang Province, the Shenyang Military Region, and Daqing City; heads of diplomatic missions in China dispatched by Japan, the United States, the FRG and Britain; and foreign businessmen, engineers, technicians and specialists. Zheng Yaoshun, mayor of Daqing City and head of the leading group of the Daqing Petrochemical Complex, presided over the ceremony. [passage omitted]

Governor Hou Jie read the congratulatory telegram sent by the State Council. State Councillor Kang Shien made a speech. [passage omitted]

HEILONGJIANG FORUM ON LEGAL SYSTEM

SK060338 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 5 Aug 86

[Text] The provincial People's Congress Standing Committee held a forum today on safeguarding and strengthening the legal system. Standing Committee members attending the forum held: At present, the situation in which some cadres, being peculiar in doing work, regard their word as law and place their authority above the law, still exists to a serious extent.

Since the 3d Plenary Session of the 11th CPC Central Committee, our country has formulated 50 laws in addition to the Constitution in effect. We have laws addressed to practically every aspect of our activities. During the forum, the Standing Committee members reviewed the state's political, economic and personnel losses incurred due to negligence of the legal system during the period from the founding of the PRC to the 10-year turmoil. They said: In safeguarding the legal system, on the one hand we should know the law, and on the other, abide by it. Neither can be dispensed with. At present there are some units which only make a show of their study of the law. They should be corrected as soon as possible.

Li Jianbai, chairman, and Chen Yuanzhi, Wang Jinling, Wang Zhaozhi, Zhao Zhenhua and Zhang Ruoxian, vice [illegible] of the provincial People's Congress Standing Committee, attended the forum.

JILIN SECRETARY INSPECTS FLOOD SITUATION 30 JUL

SK310121 Changchun Jilin Provincial Service in Mandarin 0930 GMT 30 Jul 86

[Text] This morning responsible comrades of the leading provincial antiflood group held an emergency telephone conference once again to be advised of developments in the flood situation, and make arrangements for the antiflood and emergency rescue work. At 0900 leading comrades of the provincial CPC Committee, government and military district, including Gao Di, Wang Zhongyu, Chen Xingyin, and Gao Wen, as well as responsible comrades of pertinent departments left for Siping, Gongzhuling, Changchun, and areas along the Tongliao He in several groups to give on-the-spot direction to the antiflood work, and work with local party, government and army authorities and local people to combat floods and conduct emergency rescue work.

Comrade Gao Di, secretary of the provincial CPC Committee, and Comrade Chen Xingyin, commander of the provincial Military District, went to Gongzhuling City today to inspect the losses caused by floods. After hearing reports on the flood situation given by leading comrades of the Gongzhuling City CPC Committee and Government, Gao Di and other leading comrades went to the (Halun) reservoir in (Heilunzi) town to inspect the flood situation, and also went to the (Zhoujiadian) reservoir in (Jijiatun) town, and (Hejiaxingzi) village of (Shanshutai) town to visit the flood-afflicted people, and the masses of servicemen and civilians fighting in the forefront of the antiflood work.

Comrade Gao Di said to the leading comrades of Gongzhuling City: To make a success of the antiflood and emergency rescue work, we should, first protect dikes and dams well because only when dikes and dams are safeguarded can we protect other things; second, we should protect the people; and third, we should strive to protect crops, because they are the fruits of an entire year of diligent labor by the people.

The masses of cadres and people of Gongzhuling City were determined to carry out anti-flood and emergency rescue work successfully to enable the afflicted people to have food to eat and places to live, and to strive to minimize the losses.

PRC'S FIRST STOCK MARKET OPENS IN LIAONING

OW051440 Beijing XINHUA in English 1414 GMT 5 Aug 86

[Text] Shenyang, August 5 (XINHUA) -- A market for negotiable securities, the first of its kind in China, was opened today in this capital city of Liaoning Province in northeast China.

As yet operating on an experimental basis, the market will first deal in bonds issued by industrial enterprises and companies, said Meng Tie, manager of the city's Trust and Investment Corporation which runs the market. Other negotiable securities like treasury bonds, financial bonds and enterprise shares will not be handled for the time being, he said. The city has issued stocks and shares worth more than 200 million yuan (about 54 million U.S. dollars) since last year.

The opening of the stock exchange will benefit those bondholders who need cash urgently, said the manager.

He said his company will handle the bonds in three ways:

-- It will buy and sell bonds according to the publicized prices and take a commission of two percent of the face value. The publicized prices will be worked out according to the discount rate set by the city's branch of the People's Bank of China and the market situation, as well as the time limit of the bonds.

-- It will be entrusted with selling the bonds for holders according to their proposed prices while taking a commission of one percent of the face value.

-- Bondholders may buy and sell freely in cases in which the company takes only 0.4 percent as commission.

LIAONING PROVINCE BOOSTS EXPORTS, IMPROVES TRADING

HK060430 Beijing CHINA DAILY in English 6 Aug 86 p 2

[By Staff reporter Zhang Huimin]

[Text] Shenyang -- Trading ties with 137 countries and regions, have helped Liaoning Province boost exports to $5.04 billion in 1985. It total exports during the Sixth Five-Year Plan (1981-1985) were valued at $22.59 billion, up 118.2 percent from the previous five-year period.

Wang Yongduo, deputy director of the provincial Commission for Foreign Economic Relations and Trade, said that more than 2,000 types of goods and products were exported by the province. They include drills, high-precision lathes, glassware, parafin wax, kerosene, wool carpets, tussah silk, ginseng, pilose antler, mink, and prawns.

In 1985, a total of 1,195 contracts were signed for imports of foreign technology and use of foreign funds. They involved more than $880 million, while direct investment by foreign businessmen amounted to more than $280 million.

So far, 75 joint ventures have been set up with a total investment of more than $220 million. More than 700 enterprises in the province have been equipped with advanced imported technology and 380 key enterprises have been upgraded. On the basis of the assimilation and further development of imported technology, more than 12,700 types of new products have been made, of which 8,963 types are being mass-produced.

In 1984 and 1985, the province entered into 23 contracts for projects and labour services overseas, involving more than $120 million, and under which 4,500 persons were sent to work abroad. Moreover, Liaoning has launched 12 joint ventures in Japan, West Germany, Thailand and other countries -- with Chinese investment amounting to $2.99 million. This has led to broadened international markets and export of technology and equipment.

LIAONING HOLDS STANDING COMMITTEE MEETING

SK010832 Shenyang LIAONING RIBAO in Chinese 17 Jul 86 p 1

[Text] The 21st Standing Committee meeting of the 6th provincial People's Congress was held in Shenyang on 16 July.

A plenary session was held on the morning of 16 July. Zhang Zhengde, chairman of the provincial People's Congress Standing Committee, presided over the plenary session. Chairman Zhang Zhengde explained the issue concerning discussion of Governor Quan Shuren's request to resign and discussion of the resolution on deciding on an acting governor. Tang Hongguang, vice chairman of the provincial People's Congress Standing Committee, relayed the guidelines of the 16th Standing Committee meeting of the 6th NPC. Participants listened to the explanations of the situation in revising the "(Draft) Resolutions on Management of Cultural Markets" made by Zhou Xilin, vice chairman of the Education, Science, Culture and Public Health Committee under the provincial People's Congress Standing Committee' the explanation of the "(Draft) Regulations on Safeguarding the Power of Lawyers To Do Their Duties in Accordance With the Law" made by Wen Yuchao, director of the provincial Judicial Department; and the explanation of the "(Draft) Regulations on Preservation and Management of Cultural Relics" made by Guo Dashun, deputy director for the provincial Cultural Department. This Standing Committee meeting will listen to the reports made by the provincial People's Government on realigning the Liao He, on the flood-combat work situation, and on the situation in implementing work toward minority peoples.

Attending the plenary session were vice chairman of the provincial People's Congress Standing Committee, including Wang Guangzhong, Xie Huangtian, Zhang Tiejun, Lou Er[illegible]ng, Gu Jingxin, Liu Zenghao, Feng Yousong, Zhang Zhiyuan, and Cui Ronghan; and 47 members of the provincial People's Congress Standing Committee. Attending the session as observers were Zuo Kun, vice governor of the province; Zheng Huanwen, president of the provincial court; Hu Qicheng, chief procurator of the provincial procuratorate; and responsible persons of relevant departments under the provincial government and the city People's Congress Standing Committee.

LIAONING RIBAO EDITORIAL ON ECONOMIC PROBLEMS

SK010715 Shenyang LIAONING RIBAO in Chinese 17 Jul 86 p 1

[Editorial: "Enliven the Economy and Invigorate the People's Minds"]

[Text] Generally speaking, our province's economic situation has been good since the beginning of this year, with the passive situation earlier this year being initially overcome and a good trend of sound development emerging.

While noticing the improvement in the situation, we should also notice the problems existing in our province's economy. For example, economic results are not ideal enough; the quality of some goods has declined; the number of the units in the red and the amount of deficits have increased; the readjustment of the production setup lags behind the changes in the consumption pattern; and some enterprises find their products unmarketable or overstocked.

How can we explain the reasons for the above-mentioned problems? There are two problems meriting our attention. First, a considerable number of comrades lack an adequate understanding of the protractedness, arduousness and complexity of reform, full mental preparation for it, and determination and creativity in carrying it out. During the process to change the old system into a new one, they know the old system well and can manage it with ease, but always feel unused to the new one. They always want to retreat and return to the old system whenever they encounter problems. In the final analysis, this is because they still have not fully emancipated their minds and freed themselves from the shackles of old patterns. Judging from the problems arising in the first half of this year, further emancipating the mind remains a fundamental problem of our province. With this problem unsolved, it will be impossible for us to always give top priority to reform, and we will possibly deviate from it. Second, some comrades put the rectification of party style against reform, thinking that unhealthy trends cannot be corrected when reform is conducted, and that reform cannot be carried out successfully if efforts are made to correct unhealthy trends. Such an erroneous idea not only affects reform but hinders the efforts to correct unhealthy trends. We think that reformers should be models in rectifying party style, and the units with good party style should also be ones with smooth reform. If we want to draw on the experiences and lessons in the first half of this year, these two problems are very important.

The tasks for the economic work for the second half of this year are very heavy, and all the work in other fields should be focused on economic work. We should further eliminate the influence of the "leftist" ideas, and persistently give top priority to reform. Although many problems remain in the second half of the year, there are also many favorable conditions. For example, cadres at all levels have further unified their thinking, and have basically clarified the dividing line between enlivening the economy and rectifying party style; staff members and workers have become more mentally adapted to reform; the macroeconomic control is being improved continuously; and the policy of granting greater autonomy to enterprises and other policies aiming at invigorating enterprises will be further implemented. As long as leading cadres, at all levels, follow the guidelines of the series of central instructions and the arrangements of the province, emancipate their minds, improve their work style, perform their work with creativity, invigorate the people's minds, and make economic work flourish, they will certainly be able to successfully fulfill the various tasks for this year.

LIAONING DELEGATION RETURNS HOME FROM DPRK

SK060823 Shenyang LIAONING RIBAO in Chinese 19 Jul 86 p 1

[Text] At the invitation of the Administrative and Economic Guidance Committee of the North Pyongan Province of the WPK, the friendly Liaoning provincial delegation headed by Bai Lichen, vice governor of Liaoning Province, paid a goodwill visit to the DPRK province. The delegation successfully concluded its visit and returned to Shenyang City on 17 July.

Greeting its return at the railway station were Zhang Tiejun and Tang Hongguang vice chairmen of the provincial People's Congress Standing Committee; Lin Sheng, vice governor of the province; and responsible persons from the departments concerned.

During its stay in the DPRK, the delegation participated in the celebration activities of the 25th anniversary of the Korean-Chinese Treaty of Friendship, Cooperation, and Mutual Assistance, which were sponsored by the cities of Sinuiju and Pyongyang.

FLOOD SITUATION IN NORTHEAST REGION 'SERIOUS'

HK070735 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1200 GMT 5 Aug 86

[Report by correspondent Jin Guolin]

[Text] Beijing, 5 Aug (ZHONGGUO XINWEN SHE) -- According to the central flood-control headquarters, for the last few days, it has been raining in torrents in the northeastern region of the country. The major rivers in the region, such as the Liao He, Hun He, Taizi He, Hun Jiang, and the Yalu Jiang, were flooding. At present the flooding in the Liao He Valley is the most serious. The peak of the flood has reached Liaoning's Tieling area. One hundred thousand soldiers and civilians or more are strengthening the dikes along the banks of the river as a precaution.

The waters of the Dong Liao He, a tributary at the left side of the upper reaches of the Liao He which is situated in the area where Jilin and Liaoning Provinces and the Nei Monggol Autonomous Region meet rose drastically, far exceeding the capacity of the flood-relief channel embankments and thus breaching the embankments in eight places. Running wild, the surging flood water encircled some 400 villages in the southern region of Jilin, northern region of Liaoning, and eastern region of Nei Monggol. PLA units have dispatched airplanes to drop food and medicine to the encircled people and some soldiers drove rescue boats to rescue them. It has been reported that more than 250,000 people have been rescued so far. It is estimated that all those encircled will be out of danger later today. The flood peak of the Taizi He within the boundaries of Liaoning appeared at the river's section in Tangmazai near Liaoyang. It is moving toward the lower reaches of the river. The flood peak of the Hun He already passed Liaoyang on 2 August and now the water level has begun falling.

The Yalu Jiang and Hun Jiang valleys were also flooding at the same time. Some 300 people on Jiangxin Island in the lower reaches of the Hun Jiang were encircled by the flood. The troops stationed at Zhouqiao in Dandong have dispatched rescue boats to aid them. At present the floodwaters in the two major tributaries of the Songhu Jiang -- the Nen Jiang and the Second Songhua Jiang are receding. After converging, they will rush into the mainstream of the Songhua Jiang where the water level is already very high. Harbin will thus be under serious threat.

NINGXIA PLANS LAW-MAKING PROGRAM FOR 5-YEAR PLAN

HK050733 Yinchuan NINGXIA RIBAO in Chinese 21 Jul 86 p 1

[Report: "Regional Government Makes Plans for Drawing Up Regional Laws and Regulations During Seventh 5-Year Plan"]

[Text] The autonomous regional People's Government recently formulated the "Program for Drafting Regional Laws and Regulations in the Period of the Seventh 5-Year Plan" in order to ensure that the work of drafting local laws and regulations can be carried out in a planned and orderly way.

The formulation of this program is also a major measure adopted by the regional People's Government for fulfilling the strategic task of "building up a sound system of economic laws in the period of the Seventh 5-Year Plan so as to bring all economic activities into line with he laws" put forth by the national conference of party delegates and for implementing Comrade Deng Xiaoping's instruction on "conducting economic construction and building the legal system at the same time." This program will also ensure the smooth development of economic structural reform and the fulfillment of the Seventh 5-year Plan in Ningxia. According to this program, the regional government will draft and promulgate 240 local laws and regulations, which are related to agriculture, forestry, hydropower, economic planning, education, culture, science, industry, commerce, resource management, labor and personnel affairs, nationality affairs, religion, foreign economic activities, social security, and judicial procedures.

The regional People's Government also issued a circular, requiring that all departments and offices of the regional government strengthen their leadership over the law-drafting work in line with the requirements of the program and seriously coordinate their work so as to ensure the quality of the laws and regulations. At the same time, the departments are also required to work out their law-drafting plans for each year before November of the previous year and submit them to the general office of the regional govenment, which will then coordinate all these departmental plans and draw up the overall plan of the autonomous region.

Formulating a legislation program and drafting local laws and regulations step by step is a new task for this autonomous region. With the in-depth development of the economic structural reform and economic construction, more and more economic relations and affairs need to be coordinated and regulated by laws and regulations. A major function of the people's governments at all levels is to formulate and enforce economic laws and regulations. The regional People's Congress Standing Committee and the regional People's Government attach great importance to this work. They have held meetings to listen to reports by the departments concerned on the developments in this regard and to study the solutions for problems in the law-drafting process in order to ensure the smooth progress of this work.

DAILY REPORT

China

Vol I No 153 8 August 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

LIAOWANG on U.S.-Soviet Space Competition A 1
SHIJIE ZHISHI on New Soviet Policy Toward U.S. [16 Jul] A 3

UNITED STATES

U.S. Senate Resolution on Sanctions Viewed [RENMIN RIBAO 5 Aug] B 1

SOVIET UNION

Favorable PRC Response Predicted to USSR Proposal [AFP] C 1
PRC Confirms Arkhipov Undergoing Medical Treatment [AFP] C 2
PRC-USSR Friendship Group Feted in Beijing C 2

NORTHEAST ASIA

PRC Vice Foreign Minister in Mongolia for Talks [AFP] D 1
Nanjing Rally Welcomes DPRK Provincial Group D 1
    Feted at Banquet D 2

SOUTHEAST ASIA & PACIFIC

Sihanouk Says CGDK Proposal Remains Unchanged E 1
Envoy Conveys Zhao Message to Thai Leader E 1

PRC NATIONAL AFFAIRS

(-GO-TO-PAGE-)on Changes in Chinese Army K 1
National Defense Industry Boosts Civilian Products K 1
Militia Work Reformed in Interest of Economy K 3
Party Congress of North China Sea Fleet Opens [DAZHONG RIBAO 25 Jul] K 3
State Council Cancels Out-of-Date Legislation K 4
State Council Upgrades Qufu County to City K 4
Kang Shien Speaks on Foreign Economic Interests K 5
Ni Zhifu Presides at Trade Union Meeting K 5
Quality Control Conference Ends in Guangzhou K 6
Labor Service Companies Aid in Employment K 6
Imports Down, Exports Up in First Six Months K 7
Eastern Secondary, Tertiary Industries Develop K 7
Zhao Ziyang Urges More Foreign Investment K 8
Early Rice Harvest To Exceed Last Year K 9

NONGMIN RIBAO on Perfecting Grain Contracts [25 Jul] K 10
Shanghai Magazine's Mail Criticizes Nudist Ban [KYODO] K 11
Wang Meng Attends Tibetan Festival in Lhasa K 12
Li Peng Visits Bicycle Plant Jiangsu K 12
Briefs: Mongolian Word Processor K 12

PRC REGIONAL AFFAIRS

EAST REGION

Jiangxi Military District Improves Party Style O 1
Shandong Commentary Views Economic Development [DAZHONG RIBAO 26 Jul] O 1
Zhejiang's Wang Fang Attends Militia Meeting [ZHEJIANG RIBAO 29 Jul] O 4

NORTHEAST REGION

Heilongjiang Secretary on Reducing Expenditures S 1
Heilongjiang Deals With Unhealthy Practices S 2
Jilin Rivers, Reservoirs 'In Danger' S 3
Gao Di Inspects Flood-Hit Areas in Jilin S 4
Shenyang Military Region Corrects Irregularities S 5

NORTHWEST REGION

Gansu Leaders Attend Army Day Gathering T 1
Gansu Opens Meeting on PLA Cadre Resettlement T 1
Police Quell Gansu Soccer Violence With Gunfire T 1
Qinghai Forum on Delegating Power to Enterprises T 2
Shaanxi Company Makes Computers With PRC Components T 2
Shaanxi Leaders Discuss Reform Issues T 3
Xinjiang Leaders Attend Army Day Gathering T 3
Xinjiang Leaders Attend Steel Company Ceremony T 4
Xinjiang Satellite Receiving Station Completed T 4

TAIWAN

Taiwan To Allow Basketball Team To Go to USSR V 1
Taipei on U.S. Call for Trade Retaliation V 1
Government Seeks Gradual Rise of NT Dollar V 2
Taiwan Reports on Veto of Jenkins Bill V 3
  Textile Makers Warned V 3
  MOEA Supports U.S. Policy V 3
  Textile Bill Defeat Welcomed V 4
  CEPD Approves of Veto V 4

HONG KONG MEDIA ON CHINA

PRC Acknowledges Previous Nuclear Accidents W 1

Planning for CPC Central Committee Plenum Begins [SOUTH CHINA MORNING POST 7 Aug] W 1

MING PAO on Removing Incompetent PRC Cadres [3 Aug] W 2

Crackdown on Senior Cadre Children Slows W 3 [SOUTH CHINA MORNING POST 6 Aug]

Gorbachev Proposes Soviet-PRC Summit Twice [SOUTH CHINA MORNING POST 7 Aug] W 4

PRC-USSR Exchange on Sino-Soviet Relations [TA KUNG PAO 7 Aug] W 6

TA KUNG PAO Examines Sino-Soviet Relations [7-13 Aug] W 7

Deng Xiaoping Speaks on Structural Reform [TA KUNG PAO 8 Aug] W 9

WEN WEI PO Views Democratization in PRC [1 Aug] W 10

LIAOWANG ON U.S.-SOVIET SPACE COMPETITION

HK070758 Beijing XINHUA Hong Kong Service in Chinese 0902 GMT 3 Aug 86

["Excerpt" of a LIAOWANG article: "Both the United States and the Soviet Union Have Their Own Superior Strengths in Space"]

[Text] Beijing, 3 Aug (XINHUA) -- The Chinese weekly LIAOWANG, which will be issued on 4 August, will publish an article from its special correspondent Wu Zijia in Washington entitled "Both the United States and the Soviet Union Have Their Own Superior Strengths in Space," which briefs readers on the space competition between the two nuclear powers. Excerpts of the article are as follows:

Four Comparisons

Since the U.S. space shuttle "Challenger" exploded on 28 January, another two U.S. satellite carrier rockets have exploded, in April and May. Thus the original plan to launch commercial and military satellites by space shuttle has failed to succeed, and the United States has met with unprecedented difficulties in its space technology.

In comparison, in the first half of this year the Soviet Union launched 43 rockets carrying 57 satellites into space.

In March, the Soviet Union successfully launched a "Mir" space station, which was an improvement on the "Salyut" space station. These two types of space station are now revolving around the earth. Two Soviet astronauts returned to earth from the "Mir" space station after completing their 125-day flight.

The United States does not have a space station. In the early 1970's the United States built a space station but abandoned it several years later for various reasons. Afterwards the space station fell into the earths's atmosphere and burned up. The U.S. authorities concerned have declared on many occasions that the United States will build a "permanent manned space station" but that this plan will be made available only in the mid 1990's.

In the world history of manned spaceflights, Soviet astronauts entered space 23 days earlier than U.S. astronauts. With the development of space technology, endurance time in space for Soviet astronauts has become longer and longer, during which they have conducted scientific experiments on human adaptability to high speed movements in a state of zero gravity. Following the establishment of the record of 175-day continuous spaceflight, they have set a new world record of a 237-day continuous stay in space. The total endurance time for all Soviet astronauts who have been is space is over 4,000 days.

In comparison, the first U.S. astronaut who entered space on 5 May 1961 was unable to orbit the earth one and a half times as the first Soviet astronaut had done. Subsequently, the endurance time in space for U.S. astronauts gradually increased. But their longest stay in space is still below 90 days and the total time of stay for all the U.S. astronauts who have been to space is only 1,587 days.

At the beginning of this year, the Soviet Union was also conspicious for its exploration on Halley's Comet, which returns every 76 years. Last year, two of its space probes, together with two space probes launched by Japan and one space probe launched by the European Space Bureau, approached Halley's Comet and took precious photographs of this "planetary friend." These probes also obtained important scientific data concerning Halley's Comet, making contributions to unveiling the secrets of the solar system.

The United States, however, could not launch a probe to "meet" Halley's Comet due to "economic constraints." It had originally been planned that the space shuttle would conduct a scientific survey on Halley's Comet, but the plan could not be carried out because the space shuttle exploded.

Quantity and Quality

The world's first man-made satellite was successfully launched by the Soviet Union on 4 October 1957. The United States began launching satellites in early 1958. From then on, the number of satellite carrier rockets launched by the two superpowers has kept increasing. According to information released by the U.S. Department of State, from the mid-1960's, the number of carrier rockets launched by the Soviet Union every year began to exceed that launched by the United States. In 1985, the Soviet Union launched 98 carrier rockets, whereas the United States carried out 17 space launches, of which 9 were space shuttle launches. Over the last 6 years, the Soviet Union has launched 533 carrier rockets, some of which had several satellites, whereas the United States has carried out only 98 space launches including those of the space shuttle.

The number of carrier rockets and satellites launched by the Soviet Union has far exceeded that launched by the United States. U.S. space specialist (John Parker) said: "This marked distinction in quantity indicates U.S. ability to carry out space activities. For example, in the field of photographic reconnaisance satellites, our satellites can last several years whereas the Soviet Union's only several months."

However, some U.S. specialists are of the opinion that the Soviet Union has made progress in prolonging the service life of its satellites and that this must not be taken lightly.

A Sharp Controversy

An issue of "Jane's Guide to Spaceflight" published in London in mid-June pointed out that the United States was 10 years behind the Soviet Union in the field of space exploration. This "severe" criticism has evoked much controversy in the United States.

The U.S. National Aeronautics and Space Administration openly expressed its disagreement with the comments by the "guide." In a statement, it pointed out that while the Soviet Union had yet to carry out trial-flights of air vehicles such as space shuttles, the United States had already displayed its ability to capture and repair satellites in space and that it had "already gone far ahead of the Soviet Union."

Some U.S. space specialists, however, hold views contrary to this. (Marcia Smith), chairman of the U.S. Aeronautics and Space Association, said that the Soviet Union was ahead of the United States in terms of applying space technology.

Quite a number of U.S. specialists hold the view that the Soviet Union is heading toward the target of manned spaceflights to Mars. What merits more attention is that the Soviet Union has time and again broken its astronaut records of endurance in space. It will take about a year to travel between the earth and Mars, at the second cosmic velocity of 11.2 kilometers per second. Some of these specialists are of the opinion that, judging from the progress the Soviet Union has made in recent years, it may possibly achieve this end ahead of the United States by the end of this century.

Some U.S. specialists also expressed the view that the Soviet Union has made progress in its efforts to obtain practical interests from space. It has carried out extensive scientific experiments by means of space stations, such as experiments on manufacturing crystals and a new influenza vaccine.

U.S. specialists who agree that the Soviet Union has surpassed the United States in certain fields of space technology, pointed out that the Soviet Union now has at least four types of reliable carrier rockets. However, the United States has in recent years eliminated unmanned carrier rockets and practically relied on space shuttles. But because something has happened to one of the U.S. space shuttles, this cannot but produce an impact on the overall situation.

SHIJIE ZHISHI ON NEW SOVIET POLICY TOWARD U.S.

HK070857 Beijing SHIJIE ZHISHI in Chinese No 14, 16 Jul 86 pp 2-3

[Article by Shu Xiangdi: "Adjustments of the Soviet Policy Toward the United States" -- capitalized passages published in boldface]

[Text] Since taking office, Mikhail Gorbachev has made some adjustments in Soviet foreign policy. What are the background and guiding ideas of these adjustments? Are they strategic adjustments or tactical ones? What new trends have emerged following the adjustments and what are their prospects? These questions have become the focus of worldwide attention. Now, I would like to round up the analyses and comments of world opinion on these issues for the reference of the readers.

At the 27th CPSU National Congress, Gorbachev explicitly put forward an "accelerated development strategy," which regarded economic rejuvenation and the improvement of its Soviet comprehensive political, economic, and military strength as a strategic task brooking no delay, in order to ensure a powerful position in contention with the United States in the future, particularly in the next century. In light of this guiding idea and this fundamental strategic objective, the Soviet Union urgently needs an international environment conducive to the achievement of its accelerated development strategy in order to gain time. The Soviet Union holds that Soviet-U.S. relations affect the overall situation and, therefore, it gives priority to adjusting Soviet-U.S. relaions in its foreign policy. [pargraph continues]

Since last July, Gorbachev has reorganized the leading body of the Ministry of Foreign Affairs. Again, he recently let Anatoliy Dobrynin, Soviet Ambassador to the United States for 24 years, enter the Secretariat to take charge of Soviet foreign policy. This also shows that Gorbachev attaches importance to the Soviet strategy toward the United States and to the adjustment of Soviet-U.S. relations.

A Flexible Method of Pitting Gentle Against Firm

Since the beginning of this year, particularly since the 27th CPSU National Congress, the United States has constantly exerted pressure on the Soviet Union, thus straining new Soviet-U.S. relations, which has slightly eased for a time. In response, the Soviet Union has persisted in acting according to the principles laid down at the 27th CPSU National Congress. While upholding the major principle of contending with the United States for hegemony, it vigorously seeks to improve and ease Soviet-U.S. relations and to maintain marked by excessive tension and confrontation in the early eighties will not reappear; it strives to achieve a low-level "military strategic balance" through disarmament" and, at the same time, tries its best to upset or postpone the U.S. "star wars" deployment program, to establish the "rule" for a "low-level" arms race between the Soviet Union and the United States, and to avoid being worn down economically by the United States; and, on the premise of not relinquishing the benefits acquired in the seventies, it tries as far as possible to avoid direct regional conflicts with the United States. Therefore, faced with the aggressive U.S. attitude, the Soviet Union has exercised a certain restraint in case "lack of forbearance in small matters will upset great plans." However, unwilling to give the impression of weakness, the Soviet Union has tactically adopted a flexible method of pitting soft against hard and gentle against firm. Its specific ways of doing things are as follows:

1. POLITICALLY, IT HAS FREQUENTLY LAUNCHED PEACE OFFENSIVES AND REPEATEDLY PUBLICIZED THE SOVIET "PEACE SINCERITY" AND "DESIRE FOR DISARMAMENT" IN ORDER TO WIN THE SYMPATHY AND SUPPORT OF WORLD OPINION. Soviet newspapers and magazines have publicly stated that peace offensives should be launched continuously and that success can not be achieved by one or two peace offensives. At the 27th CPSU National Congress Gorbachev claimed that the Soviet Union "is ready to a make mutually acceptable concessions and to regard dialogue and mutual understanding, and not confrontation, as its objective." Last April, in answer to a question raised by the chief editor of the Algerian AFRICAN REVOLUTION weekly, Gorbachev also indicated that although "Soviet-U.S. relations are in an non relaxed period," "the Soviet Union is not disappointed." The Soviet Union has expressed its willingness to hold a Soviet-U.S. summit without repeating any preconditions. On 5 May, new Soviet Ambassador to Britain Zamyatin asked Prime Minister Margaret Thatcher to tell Reagan that the Soviet Union is willing to make preparations for the second Soviet-U.S. summit in order to promote the momentum of Soviet-U.S. detente.

2. ON THE QUESTION OF ARMS CONTROL, BY CONTINUOUSLY PUTTING FORWARD DISARMAMENT PROPOSALS THE SOVIET UNION HAS LAUNCHED A "PROPOSAL WAR" IN AN ATTEMPT TO PUT THE BLAME FOR THE FAILURE TO REACH AN AGREEMENT ON THE UNITED STATES AND TO PLACE THE UNITED STATES IN A PASSIVE POSITION. On 15 January 1986, Gorbachev put forward a package disarmament proposal for completely eliminating nuclear weapons from the earth over three stages in 15 years.

Later, he set forth a series of proposals, such as a unilateral moratorium on nuclear tests, joint withdrawal of Soviet and U.S. heads of state in Europe to discuss the question of suspending nuclear tests, and a cut in Europe's conventional arms and military strength. In an effort to promote the arms control talks, Gorbachev changed the conditions he had insisted on previously. He explicity indicated that the Soviet Union would agree to an "independent solution to the question of the intermediate-range guided missiles in Europe without linking it directly to the strategic arms and space questions." He also agreed to implement "supervision" and "verification." On 11 June, the Soviet Union again put forward a new proposal on drastically cutting back strategic nuclear weapons on condition that the United States abide by the antimissile missile treaty for 15-20 years.

3. ON REGIONAL ISSUES, WHILE MAINTAINING ITS VESTED INTERESTS, THE SOVIET UNION HAS ALSO TAKEN A MORE RESTRAINED ATTITUDE TOWARD THE UNITED STATES. For example, when the United States made an air raid on Libya, the Soviet Union paid more attention to verbally supporting Libya and denouncing the United States. Obviously, it did not want to cause Soviet-U.S. relations to deteriorate further on account of the Libya incident. Moreover, the Soviet Union has also tried its best to avoid a head-on collision with the United States on such regional issues as dealing with Syria and Central America.

A fundamental reason for the adjustments in Soviet-U.S. policy is that the Soviet Union wants to achieve its accelerated development strategy. To this end, the Soviet Union hopes for a "period of truce" with the United States. The current tension in Soviet-U.S. relations not only is disadvantageous to the Soviet Union but also will increase its difficulties. Confronted by an acute contradiction between economic rejuvenation and the arms race, the Soviet Union finds it difficult to achieve both at once. From a long-term point of view, it might better to put off one in order to achieve both later. The Soviet Union is facing a lot of obstructions in its domestic economic reform. The falling oil prices on the international market have drastically reduced its foreign exchange earnings. This has added new difficulties to the Soviet economy. It now seems that, being afraid of chaos, the Soviet Union is basically striving for stability. The Soviet Union holds that without making substantial concessions and by pitting gentle against firm it will probably be able to upset or postpone the U.S. "star wars" program and foil the U.S. attempt to wear down the Soviet Union through an arms race. Naturally, in the present-day world, all countries universally want peace and disarmament and want to reduce international tensions; all people long for "peace" and all countries strive for "order." In the view of the Soviet Union, by holding aloft the banner of "peace" and "disarmament" it can be in the lead and score some points in both politics and publicity.

Its Fundamental Interests Should Not Be Harmed

The adjustments of the Soviet policy toward the United States have been made to suit both tactical and strategic needs. Now that Gorbachev has explicitly put forward the "accelerated development strategy," the Soviet Union is unlikely to rashly change, in the near future, its policy of detente toward the United States. However, there is a limit to Soviet tolerance, restraint, and concessions. The limit is that U.S. actions should neither harm Soviet fundamental interests nor upset the exisiting military balance between the two countries and that the United States should not ask the Soviet Union to make unilateral concessions on major issues. [paragraph continues]

Within this limit, the Soviet Union will not suddenly change its policy toward the United States. More probably it will adopt stalling tactics until Reagan's term of office ends and a new U.S. President takes office. It will then readjust its U.S. policy according to the circumstances prevailing at that time. It is expected that it will be impossible for the Soviet Union, as a superpower, to make excessive concessions to the United States. So far, it has not made any concessions on fundamental issues. People have noticed that, while displaying flexibility, the Soviet Union has consistently adhered to its "principled stand" and stressed that both the United States and the Soviet Union must seek concessions on the basis of "equal security" and the "principle of reciprocity." On 30 May Gorbachev claimed: "The Soviet Union will not at anytime make unilateral concessions: Neither political, economic, or military pressure will have any effect on us." On the question of the arms race, Gorbachev said on 8 April that the Soviet Union would find "a convincing countermeasure" to the "star wars" program. "The arms race will not wear us down." The United States will not gain the upper hand in space, still less will it surpass us in terms of technology. On regional contention, the Soviet Union will not, under U.S. pressure, give away the advantages it gained in the seventies. We can thus see that, if the United States persists in its tough policy, the Soviet Union will probably adopt a policy of tough versus tough. At present, however, the United States has not done anything definite or blocked the path. For example, the United States has not said anything so definite as to prevent further discussions on the second Soviet-U.S. summit. In a letter to Gorbachev on 14 June, Reagan suggested that a meeting of U.S. and Soviet foreign ministers be held as soon as possible to make preparations for the summit. Moreover, although Reagan announced that the United States would no longer abide by the SALT II Treaty, he also said that the decision would be implemented at the end of the year and would be determined by whether or not the Soviet Union would abide by the treaty. In truth, he has dropped a hint for further bargaining between the Soviet Union and the United States. It should be noted that the United States is also confronted by various difficulties. It does not want to strain its relations with the Soviet Union to an unmanageable extent because this will not be advantageous to the United States either. Consequently, there is still considerable room for maneuver between them.

U.S. SENATE RESOLUTION ON SANCTIONS VIEWED

HK070657 Beijing RENMIN RIBAO in Chinese 5 Aug 86 p 6

["International Jottings" by Liu Ban: "If Not Sanctions, What?"]

[Text] Last weekend, the U.S. Senate's Foreign Relations Committee approved a resolution to enforce strict economic sanctions against South Africa. Commentators said that this was "a clear signal" to the South African apartheid regime and the Reagan administration.

Recently, there has been growing clamor from the international community demanding the imposition of sanctions against South Africa. This not only dealt a severe blow to the apartheid regime of South Africa, but also forced each country to make a clear stand. That the U.S. Senate's Foreign Relations Committee should choose this moment to approve its resolution for sanctions has rather subtle significance. First, it went ahead to declare its stand before the ongoing mini-summit of Commonwealth heads of states did; secondly, it posed a difficult problem to President Reagan who opposes sanctions against South Africa. If this resolution wins the support of the two parties at the Senate's Plenary Session, Reagan would be confronted by a no-veto situation. In a commentary entitled "Approaching Sanctions" in the INTERNATIONAL HERALD TRIBUNE, it said: "The British and U.S. Governments have found out that it is difficult to turn the tide now."

Indeed, the trend for sanctions against South Africa is urgent. Take Great Britain for instance. Due to its persistent opposition to sanctions against South Africa, the Commonwealth Games were adversely affected; the failure of Foreign Minister Howe's South African tour has brought pressure on Mrs Thatcher from the EEC. Under these circumstances, reports said that "for the first time", Britain is considering accepting "limited sanctions" against South Africa in order to prevent the breaking up of the British Commonwealth. Other reports added that an emergency summit meeting of the 49 heads of government of the Commonwealth may be held this fail.

Naturally, the sanction measures proposed by the U.S. Senate's Foreign Relations Committee are still quite restricted. Nonetheless, from a certain point of view, the development of these events definitely demonstrated the trend in public opinion. The recent issue of TIME magazine has on its cover two significant questions: "If not now, when? If not this, what?" In the days to come, the two forces, pro and anti-sanctions, against south Africa, will have a further showdown. As to what the results will be, one can only wait and see.

FAVORABLE PRC RESPONSE PREDICTED TO USSR PROPOSAL

HK071338 Hong Kong AFP in English 1320 GMT 7 Aug 86

[Text] Beijing, Aug 7 (AFP) -- Beijing is expected to respond favorably to a Soviet offer to resolve a longstanding Sino-Soviet border dispute, analysts here said Thursday. The offer, made by Soviet Deputy Foreign Mikhail Kapitsa Wednesday, is aimed at settling a river border dispute, which sparked a bloody clash between Soviet and Chinese troops in March 1969 near the Soviet town of Khabarovsk, 300 miles (480 kilometers) northeast of Vladivostok.

The border presently runs along the Chinese side of the Amur and Ussuri rivers and the latest Soviet proposal means that a number of islands which, under treaties signed between China and Tsarist Russia were considered part of Russian territory, would be beyond the mainstream and thus part of China.

Analysts here, however, stressed that despite the Soviet initiative there was a significant number of obstacles preventing a complete normalization of relations between Beijing and Moscow. China has demanded a Soviet withdrawal form Afghanistan, and end to Soviet support for the Vietnamese occupation of Cambodia and a reduction in the number of Soviet troops stationed along the Sino-Soviet border.

The next round of Sino-Soviet talks, scheduled for October, is likely to deal with a Soviet bid to negotiate a mutual reduction of land forces along the border.

Analysts here also noted that Mr Kapitsa's statements only fleshed out declarations made by Soviet leader Mikhail Gorbachev in a July 28 speech in Vladivostok. But Mr Kapitsa's remarks could be seen here as a conciliatory gesture from Moscow regarding the border dispute, observers said.

Only the English-language Chinese press has taken note of Mr Kapitsa's statements. The Chinese Foreign Ministry did not respond Thursday to the Soviet proposal.

On Wednesday, a Chinese Foreign Ministry spokesman said that Mr Gorbachev had made a new proposals for the improvement of Sino-Soviet relations in his speech, but indicated that Beijing was waiting for action. The spokesman said Beijing would like to see a reduction in the number of Soviet missiles deployed in Asia, a lessening of tensions in the region and settlement of the Afghanistan and Cambodian problems.

The spokesman did not mention the territorial dispute, saying only that Beijing and Moscow were working out an agreement on joint exploitation of the Amur River.

Chinese leader Deng Xiaoping said Tuesday that Mr Gorbachev's speech contained "positive elements." He did not elaborate.

Despite the lack of results since frontier negotiations were opened in 1951, the Soviet Union and China have agreed since 1977 on an agreement concerning navigation on the Amur and Ussuri Rivers.

PRC CONFIRMS ARHIPOV UNDERGOING MEDICAL TREATMENT

HK080630 Hong Kong AFP in English 0620 GMT 8 Aug 86

[Text] Beijing, Aug 8 (AFP) -- The Chinese Government confirmed Friday that Soviet First Vice-Premier Ivan Arkhipov was undergoing medical treatment in the country.

"The first chairman of the Council of Ministers of the Soviet Union is in China for short-term medical treatment in his personal capacity," a Foreign Ministry spokesman said.

Western diplomatic sources said Thursday that Mr Arkhipov, 78, the highest-ranking Soviet official to visit China since 1969, was being treated by Chinese acupuncturists "as an old friend of China." The Soviet Embassy in Beijing said it was unaware of the reasons why Mr Arkhipov was undergoing acupuncture, or how long he would be staying.

The vice-premier previously made two official trips to China, in December 1984 and March 1986, which led to a thaw in Sino-Soviet relations after nearly 15 years of ideological and strategic differenes.

Meanwhile, the NEW CHINA NEWS AGENCY said a Soviet delegation from the Soviet-China Friendship Society arrived in Beijing Thursday for a tour that is to include Xian, Guangzhou, Zhuhai, Shanghai and Suzhou.

At a dinner for the group, Liu Gengying, vice-president of the Sino-Soviet Friendship Association, noted the growing number of such visits and the friendly relations which they helped to produce.

PRC-USSR FRIENDSHIP GROUP FETED IN BEIJING

OW071542 Beijing XINHUA in English 1505 GMT 7 Aug 86

[Text] Beijing, August 7 (XINHUA) -- A Soviet delegation led by Nora Liparitovna Arshenia Akopian, chairman of the Armenian branch of the Union of Societies for Friendship and Cultural Relations With Foreign Countries [name and title as received], was honored at a dinner here this evening. The delegation is from the union and the Soviet-China Friendship Society.

At the dinner, hosted by the Chinese People's Association for Friendship With Foreign Countries and the Sino-Soviet Friendship Association, Liu Gengyin, vice-president of the former, noted the smooth implementation of a 1986-1987 plan for cooperation signed last June between the friendship organizations of the two countries. The branches of the two friendship associations in border regions are also exchanging delegations, which shows friendly contacts between the two peoples are growing, he added.

Akopian said the purpose of the delegation's visit is to acquaint itself with the Chinese Friendship Associations' work and China's economic restructuring. The Soviet visitors arrived here this morning and will also visit Xian, Guangzhou, Zhuhai, Shanghai and Suzhou.

PRC VICE FOREIGN MINISTER IN MONGOLIA FOR TALKS

HK090908 Hong Kong AFP in English 0826 GMT 8 Aug 86

[Text] Beijing, Aug 8 (AFP) -- Liu Shuqing, a Chinese vice foreign minister, is currently visiting Mongolia, a spokesman for the Mongolian Embassy here said Friday.

Mr Liu is the highest-ranking Chinese official to visit Mongolia, a Soviet ally, in 20 years, observers here said.

His visit to Ulaanbaatar comes less than two weeks after Soviet leader Mikhail Gorbachev offered to make substantial reductions in the number of troops stationed in Mongolia, they noted.

Informed Asian sources said the Chinese official was visiting Mongolia to discuss "international matters of common interest" and an improvement in bilateral commercial and economic relations.

Mr Liu left Beijing for Ulaanbaatar on Wednesday by train, the Mongolian Embassy spokesman said.

China has estimated that some 100,000 Soviet soldiers are stationed in Mongolia, which broke with Beijing in 1966 for ideological and strategic reasons after the Sino-Soviet split of the early 1960's.

NANJING RALLY WELCOMES DPRK PROVINCIAL GROUP

OW071352 Beijing XINHUA in English 1341 GMT 7 Aug 86

[Text] Nanjing, August 7 (XINHUA) -- A delegation from the Kangwon Provincial Committee of the Workers' Party of Korea was warmly welcomed at a rally held by the Jiangsu Provincial Committee fo the Chinese Communist Party (CPC) in Nanjing, captial of Jiangsu, today.

Jiangsu and Kangwon Provinces established friendly relations in 1984.

Leading members of the Jiangsu Provincial Committee and Nanjing City Committee of the CPC attended the meeting together with more than 1,000 local people.

The six-member delegation led by chief secretary of the Kangwon committee Yim Hyong-ku arrived here August 5 on a friendly visit to Jiangsu Porvince at the invitation of the provincial committee to the CPC.

The Korean guests will leave here tomorrow on a visit to Wuxi, Shanghai and Beijing before going home.

Feted at Banquet

OW071245 Nanjing Jiangsu Provincial Service in Mandarin 2200 GMT 6 Aug 86

[Excerpts] Han Peixin, secretary of the Jiangsu Provincial CPC Committee, spoke at a banquet in honor of a delegation of the Workers Party of Korea [WPK] Kangwon Provincial Committee on 6 August evening. Han Peixin said: China and Korea are neighboring countries as closely related as lips and teeth. The establishment of friendly ties between Jiangsu Province and Kangwon Province is a manifestation of the further development of the friendship and cooperation between the CPC and the WPK and between China and Korea.

Yim Hyong-ku, responsible secretary of the WPK and Kangwon Provincial Committee, said: Jiangsu Province is a place very familiar to the people of Kangwon Province. President Kim Il-song and Secretary Kim Chong-il successively visited Nanjing. Since the establishment of friendly ties between our two provinces, we have learned more about your province through the increased exchanges between our two sides.

Comrade Han Peixin said: The heroic people of Kangwon Province, with great political enthusiasm and revolutionary vigor, are working hard to build their beautiful homeland and struggling heroically for the independent peaceful reunification of their motherland. The great achievements they have made have inspired us, and we would like to congratulate them on their achievements.

Secretary Yim Hyong-ku said: We can hardly control our emotions, for we have been accorded warm fraternal hospitality wherever we visit in your province. During the visit, we have witnessed the achievements made by the Jiangsu people in the modernization program. We wholeheartedly wish that the Jiangsu people, working under the CPC's leadership, will build Jiangsu Province into a people's paradise.

The banquet was held in the banquet hall of Jinling Hotel. Present at the banquet to help entertain the guests were Shen Daren, deputy secretary of the Jiangsu Provincial CPC Committee, Liu Lin, chairman of the Jiangsu Provincial Advisory Commission; He Binghao, vice chairman of the Jiangsu Provincial People's Congress Standing Committee; Ling Qihong, vice governor of Jiangsu; Han Decai, a combat hero and deputy commander of the Air Force of Nanjing Military Region; and (Gao Shenghua), deputy secretary of the Nanjing City CPC Committee.

Yim Hyong-ku, head of the Korean delegation, and his party visited the Nanjing woolen mill on 6 August morning. [passage omitted]

On the same day, the Korean comrades also visited the Changjiang bridge and toured scenic spots in Nanjing's eastern suburbs.

SIHANOUK SAYS CGDK PROPOSAL REMAINS UNCHANGED

OW061354 Beijing XINHUA in English 1336 GMT 6 Aug 86

[Text] Bangkok, August 6 (XINHUA) — Samdech Norodom Sihanouk, president of Democratic Kampuchea, said here today that the Coalition Government of Democratic Kampuchea (CGDK) would not modify its eight-point proposal for a peaceful solution to the Kampuchean issue. He made the remark at a press conference while referring to reports that Sihanouk and Singaporean Foreign Minister Dhanabalan had talked about disarming eventually all Khmer factions in Kampuchea when Hanoi agrees to withdraw its troops from Kampuchea.

Sihanouk said that during a meeting with Dhanabalan in Singapore two days ago, the two discussed the usefulness of disarming all Khmer factions in Kampuchea the day the Vietnamese withdraw all their troops from Kampuchea. For the time being, Sihanouk said, "We cannot present such a proposal," because the withdrawal of Vietnamese troops from Kampuchea is still such a remote possibility.

He said, "We want to show our flexibility and goodwill to the Vietnamese," but up to now, Vietnam remains arrogant and does not want to show any flexibility or any interest in the proposals from ASEAN countries and the CGDK. "We are not letting Vietnam believe wrongly that we are getting weaker and weaker on the battleground," he said. "We are more and more successful. Khmer Rouge and the Sihanoukian Army have more and more units to operate deeper and deeper inside Kampuchea against the enemy."

Sihanouk added, "We will continue to maintain our eight-point proposal till the day Vietnam decides to show flexibility and goodwill." The eight-point proposal made on March 17 includes a two-phase withdrawal of Vietnamese troops from Kampuchea, the setting up of a four-party coalition government including Heng Samrin regime, free elections and non-aggression pact with Hanoi. The proposal was rejected by Hanoi immediately after being made public. Sihanouk arrived here late last night for an official visit.

ENVOY CONVEYS ZHAO MESSAGE TO THAI LEADER

OW071106 Beijing XINHUA in English 1046 GMT 7 Aug 86

[Text] Bangkok, August 7 (XINHUA) — Newly-appointed Thai Prime Minister Prem Tinsulanon today expressed his confidence that the friendship between Thailand and China will further develop. He made the remarks at his residence while receiving Chinese Ambassador to Thailand Zhang Dewei. "The traditional friendship between our two peoples has laid a sound foundation for the friendly relations between our two countries. I am confident that the friendly relations between Thailand and China will develop still further and more rapidly." Prem said, "In safeguarding of world peace, China gives Thailand close cooperation and support. As a friend of China, I am proud of it."

Ambassador Zhang conveyed to the Thai prime minister the greeting message from Chinese Premier Zhao Ziyang. He praised Prem for promoting the friendly relations between Thailand and China and making the relations develop very rapidly during his six-year premiership.

Prem thanked Premier Zhao for his message of greetings. "It is the first greeting message from a leader of a foreign country since my renewed assumption of premiership," he said, adding "I have always regarded China as the most friendly country of Thailand."

ZHANG AIPING ON CHANGES IN CHINESE ARMY

HK070935 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1333 GMT 31 Jul 86

[Text] Beijing, 31 Jul (ZHONGGUO XINWEN SHE) -- This afternoon, Zhang Aiping, state councillor and minister of national defense, said that the present good domestic situation and the relatively stable international situation enable China to make a series of new changes in her national defense construction. Under the new situation, China will use new concepts and new thinking methods to promote the modernization and regularization of her armed forces.

Zhang Aiping said this when proposing a toast at the reception held by the Ministry of National Defense to celebrate the 59th anniversary of the founding of the PLA. He said that China's national defense construction and the development of her armed forces serve the purpose of defending the motherland and safeguarding world peace.

It is reported that China's disarmament program of reducing 1 million troops is nearly complete. The field armies had completed the process of reorganizing their troops into group armies by the end of last year. The Chinese Army has improved its weapons and equipment, has enhanced the degree of combination and its quick mobilization and redeployment capacity, and has better adopted itself to the needs of an anti-aggression war in the future.

The Chinese Army has also taken the initiative in participating in the country's economic construction. During the period of the Sixth 5-Year Plan, the Army contributed more than 100 million workdays and 2.5 million sorties of machines and vehicles. Army troops participated in more than 10,000 construction projects throughout the country, and undertook nearly 60,000 rescue actions.

NATIONAL DEFENSE INDUSTRY BOOSTS CIVILIAN PRODUCTS

OW080007 Beijing XINHUA Domestic Service in Chinese 0801 GMT 7 Aug 86

[By reporter Chen Zhiqiang]

[Text] Beijing, 7 Aug (XINHUA) -- In a spirit of reform and pioneering, China's science, technology, and industry departments for national defense are actively promoting a strategic shift in orientation -- from one of primarily serving national defense modernization to one of serving the country's four modernizations program. The work of restructuring the national defense industry, readjusting the military industry's production capacity, and placing enterprises at lower administrative levels is progressing smoothly at the moment.

Since the beginning of this year, the CPC Central Committee, the State Council, and the Central Military Commission have issued a series of important instructions on this strategic shift. The Commission of Science, Technology, and Industry for National Defense and the Ministries of Nuclear, Aviation, Ordinance, and Astronautics Industries held separate meetings to relay and implement the instructions.

Their study and discussions have led to a common understanding: The strategic shift in the orientation of the departments of science, technology, and industry for national defense -- from one of serving primarily the national defense modernization to one of serving the country's four modernizations' program -- is a correct policy decision by the CPC Central Committee on the basis of its analysis of the international strategic structure and developments in warfare. It is an inevitable result of the shift in the focus of the party's work and the strategic shift in building the Army. After the strategic shift, the military industrial enterprises will be oriented to society at large instead of the Army alone. As a result, the Army will have more consumers , more responsibilities, and greater demands placed on them. Comrades on the science and technology front for national defense are determined to fulfill, in a reforming and pioneering spirit, the new tasks entrusted to them by the CPC Central Committee.

To implement the Central Committee's strategic policy decision, departments of science, technology, and industry for national defense have taken the strategic shift as their central task, dominating all other work. Pursuant to the instructions of the State Council and the Central Military Commission, the Commission of Science, Technology, and Industry for National Defense is making the necessary readjustment of military industry's management structure and production capacity. Together with the State Planning Commission, the Finance Ministry, and the General Staff Department, it drew up "Provisional Regulations on the Management of Appropriated Funds for National Defense Research and Development," "Provisional Regulations on the Contract System for Weapons and Equipment Research and Development," and other regulations governing the management of scientific research for national defense, in an effort to pave the way for structural reform of the national defense industry.

Several military industrial departments are working actively to carry out the policy of integrating military with nonmilitary enterprises, peacetime production with preparedness against war, and putting civilian and peacetime production first. Regarding the work of decentralization as a starting point for structural reform, the Ministry of Ordnance Industry has taken the lead in placing the management of ordnance enterprises at a lower level. The ministry's leading party group extensively solicited the ideas of subordinate enterprises and institutions on structural reform and other issues in order to achieve quick results and to be accurate, strict, and meticulous in their work. A work group, led by the minister, consulted with Chongqing City authorities and the provincial governments of Heilongjiang, Gansu, and Shanxi on decentralizing ordnance enterprises. The Ministry of Aviation Industry has made vigorous efforts to develop new types and improve existing cargo and passenger aircraft, including aircraft for rural use, and helicopters. At the same time, it is developing new aircraft through international cooperation, in an effort to speed up the development of China's civil aviation industry. The Ministry of Astronautics Industry is readjusting its products mix to develop more civilian products, such as civilian satellites. It is improving, and perfecting, carrier rocket systems and promoting the use of astronautics technology in land survey, mineral prospecting, railway communications, agriculture, forestry, water conservancy, telecommunications, and radio and television broadcasting. The Ministry of Nuclear Industry regards the development of nuclear power plants as a priority task in developing civilian products. At the same time, it is promoting the peaceful use of nuclear energy, such as the supply of power for heat, and the peaceful use of isotope and other nuclear technology.

MILITIA WORK REFORMED IN INTEREST OF ECONOMY

OW071433 Beijing XINHUA Domestic Service in Chinese 0643 GMT 7 Aug 86

[By reporter Xu Jingyao and correspondent He Guanggao]

[Text] Beijing, 7 Aug (XINHUA) -- China's militia work has been readjusted and reformed in the interest of economic construction. The number of primary militia members has been reduced by 80 percent, while the number of militia trainees has dropped by 88 percent. The stress of militia work has shifted from organizing militia military training to organizing militia participation in building the two civilizations.

Statistics show that the militia in China have taken the lead in building some 69,800 civilized villages and civilized units, of which 47 percent have been rated as advanced units by local party committees and governments at or above the county level. Militia organizations at all levels, working in close cooperation with trade unions, CYL organizations and women's federations, have set up more than 47,000 cultural centers, sparetime schools, science popularization associations, and other cultural and educational facilities in more than one half of China's villages. Some 960,000 technical training classes have been held and nearly 10 million militia have attended those classes. The militia have become a backbone force in the building of spiritual civilizations.

At the same time, the militia in various localities are actively taking part in economic reform, and some of them are the first to become prosperous by working hard. They have also made outstanding contributions to building key construction projects, dealing with emergencies, providing disaster relief, maintaining law and order, and assisting the PLA in border defense. At present, some 6 million militia families in China have become specialized households. Nearly 8 million militia members are in 1.58 million "helping-the-poor groups" and "serving-the-people groups," enthusiatically serving the people and leading the people in taking the road of common prosperity. In the last 2 years, some 5.8 million militia have participated in building more than 4,000 key state and local construction projects. Some 7.38 million militia have taken part in combating floods, helping earthquake-stricken people, and fighting forest fires. They have rescued more than 1.51 million people from dangers. Since the middle of April this year, 69 counties in Sichuan Province have successively been hit by storms, torrential rains, and hailstorms. Some 360,000 militia members took part in dealing with the disasters. The militia helped reduce the losses of the state, the collectives, and the people, and helped local people promptly restore production and rebuild their homes.

PARTY CONGRESS OF NORTH CHINA SEA FLEET OPENS

SK070714 Jinan DAZHONG RIBAO in Chinese 25 Jul 86 p 1

[Text] The Third CPC Congress of the North China Sea Fleet of the PLA Navy opened in Qingdao on 24 July. A total of 303 delegates attended the congress. He Changyun, deputy political commissar of the North China Sea Fleet, presided over the congress. Ma Xinchun, commander of the North China Sea Fleet, delivered an opening speech. Zhu Hongxi, deputy commander of the North China Sea Fleet, read the message and letter of congratulations sent by the Jilin Military Region and the party committee of the navy of the Jinan Military Region. [paragraph continues]

Li Shitian, political commissar of the North China Sea Fleet, and Yan Yi, secretary of the Discipline Inspection Commission, respectively delivered the work reports of the party committee and the Discipline Inspection Commission of the North China Sea Fleet.

In his report, Comrade Li Shitian reviewed the notable achievements made in the past few years with regard to conducting education, training, and war preparedness, and supporting the local construction; found out the weak links in work; and summed up experiences and lessons.

In his report, Li Shitian put forward the fighting goals for strengthening the fighting ability on the waters in line with the principles for army building at peace time and the tasks that the fleet should undertake, set forth and assigned by the CPC Central Committee and the Central Military Commission.

STATE COUNCIL CANCELS OUT-OF-DATE LEGISLATION

OW080200 Beijing XINHUA in English 0153 GMT 8 Aug 86

[Text] Beijing, August 8 (XINHUA) -- The State Council, China's highest governing body, has cancelled 127 pieces of legislation that are out-of-date or run counter to the current policies, an official of the legal system bureau under the state council told XINHUA today. It declared 359 others invalid for the same reason, the official said, adding that these covered finance, insurance, taxation, trade marks and the management of free markets. Meanwhile, some 190 regulations on trade and commerce will continue to be effective, and a collection of these will be published by the People's Publishing House.

Work began in 1983 to check the 50,000 regulations issued by the Council, ministries and the governments of provinces, municipalities and autonomous regions since the founding of the New China in 1949, to see if they fit in with the current policies of opening to the world and enlivening the domestic economy. This is part of the efforts to improve China's legal system, the official said. It has been discovered that about two-thirds of these should automatically lose effectiveness or be declared invalid, the officials said. The rest can still be effective, but some will have to be revised, he added.

STATE COUNCIL UPGRADES QUFU COUNTY TO CITY

OW011714 Beijing XINHUA in English 1404 GMT 1 Aug 86

[Text] Jinan, August 1 (XINHUA) -- Qufu County, the native place of the great educator, thinker and statesman Confucious (551BC -- 479BC), began as of today to enjoy the status of a city with the approval of the State Council, China's highest governing body. As a city, Qufu, already a major tourist resort, will receive more for funds for its own construction and development, a local official said here today. The city is famous for the Confucius Temple, the mansion of his descendants and "Kong Lin" -- the graveyard of the sage and his family.

The government is spending 12 million yuan between 1986 and 1990 on the repairs and protection of these and other relics connected with the Confucius and his descendants, the official said.

The new Qufu City has an area of 890 square kilometers and a population of 538,000 including 50,000 urban residents in the seat of the city. A meeting of 1,200 people was held today to mark its designation as a city.

KANG SHIEN SPEAKS ON FOREIGN ECONOMIC INTERESTS

OW041054 Beijing XINHUA in English 1036 GMT 4 Aug 86

[Text] Daqing, August 4 (XINHUA) -- "China will take various measures to guarantee the economic interests of foreign partners," Chinese State Councillor Kang Shein stated today in China's biggest oilfield.

Addressing the more than 160 foreigners attending the ceremony marking the commissioning of the first-phase project of a Daqing Petro-Chemical Complex which is capable of producing 300,000 tons of ethylene a year, Kang Shien said that it is the common desire of the Chinese people to turn China into a modernized socialist country. It is the country's "firm and long-term strategic policy to invigorate its domestic economy and open to the outside world," he said, adding that greater efforts will be made to promote Sino-foreign cooperative production and Sino-foreign joint ventures. He said that the Chinese Government "has worked out and gradually improved the principles and policies and relevant rules and regulations beneficial to the country's foreign cooperative undertakings.

"We would like to have technical and economic cooperation through various forms with enterprises and organizations of all countries and regions. The government will take various measures to guarantee the economic interests of all foreign partners," Kang Shien said. Speaking of the Daqing Petro-Chemical Complex, Kang said: "Facts have shown that the future for our cooperation is bright and the Chinese people mean what they say."

On behalf of the Chinese Government, he warmly welcomed entrepreneurs and engineers and technicians of various countries to China to undertake economic and technical cooperation with his country and to promote their mutual economic prosperity as well as the friendship between the people of China and the people of various countries. Kang also announced that in 1987, two ethylene complexes with the same production capacity will be completed and commissioned in east China's Shandong and Jiangsu Provinces, and construction will begin on another one in Shanghai.

NI ZHIFU PRESIDES AT TRADE UNION MEETING

OW311021 Beijing Domestic Service in Mandarin 1100 GMT 30 Jul 86

[Text] Our reporter has learned from the 9th Enlarged Presidium Meeting of the 10th All-China Federation of Trade Unions, which was held in Beijing on the afternoon of 30 July, that China's trade unions have been actively participating in and discussing government and political affairs this year and that their role in state political life has been noticeably enhanced.

Ni Zhifu, member of the Political Bureau of the CPC Central Committee and president of the All-China Federation of Trade Unions, presided over the meeting. Luo Gan, vice president of the federation, delivered a report.

The meeting proposed: To meet the requirements of reform of the economic and political systems, trade unions must pay attention to work in four aspects. First, we must constantly eradicate outdated ideas and acquire new ideas in the course of reform so as to effect a change in our ideology and understanding. Second, we must continue to improve workstyle, maintain close ties with the masses. Third, we must make constant efforts to improve the workers' capacity for participating in and discussing government and political affairs by stressing investigation and research and enhancing their understanding of policy. Fourth, we must enhance study of theories and policies so that theoretical research is closely related to and keeps abreast of the problems arising from reform.

QUALITY CONTROL CONFERENCE ENDS IN GUANGZHOU

OW011121 Beijing XINHUA in English 0727 GMT 1 Aug 86

[Text] Guangzhou, August 1 (XINHUA) -- A quality-control network has been established throughout the country, said an official at the first national conference on quality control which just ended in this capital of Guangdong Province. A series of regulations on product quality has been issued by the central government over the past seven years. The official said, and 360 testing centers have been set up nationwide, in addition to 22,000 local stations for the purpose.

Meanwhile, a quality-control drive has been carried out across the country. The selective examination system has been practised in the country since July 1985. According to this system, the authorities at the State Standardization Bureau selected some products from marketing units or from among customers to examine without giving advance notice, and then declared the results to the public.

Up to now, 137 varieties of goods made by almost 2,000 industrial businesses have been examined in this way, and the state economic commission has published six documents about the quality of examined products. Non-governmental organizations such as quality control societies, consumers federations and users committees also join in effort to raise quality, the official said. They often refer complaints from the consumers to government organizations and the press.

LABOR SERVICE COMPANIES AID IN EMPLOYMENT

OW071441 Beijing XINHUA in English 1356 GMT 7 Aug 86

[Text] Manila, August 7 (XINHUA) -- China's booming labor service companies have proved to be a good way of combining job creation with economic development. This was stressed today by Sun Zhixian, a division chief of China's Ministry of Labor and Personnel in a speech at a regional workshop on training for entrepreneurship and self-employment in Manila today. Sponsored by the Manila-based Asian Development Bank, the ongoing workshop opened here August 4 and will end August 15.

Sun said labor service companies, set up since 1979 all over China, provide vocational training and jobs for jobseekers by developing collective and individual enterprises and services trades. Labor service companies now total 38,674. They have set up 75,000 production enterprises, 108,000 commerce, catering and service enterprises, and 26,000 construction, transporting and loading service companies. They have provided jobs for 5.57 million people and their sales volume from 1981 to 1984 was 477 billion yuan (about 132 billion U.S. dollars).

Sun noted that the number of young people reaching working age in China has increased from 17 million per year in the 1970s to 20 million in the 1980s. Modern industries cannot provide enough jobs for jobseekers since less manpower is being used now because of new technology. But labor service companies can follow the principle of combining technology-intensive enterprises with labor-intensive ones, and develop small labor-intensive enterprises for job placement, he said. About 20 delegates from developing countries and regions in Asia took part in the workshop.

IMPORTS DOWN, EXPORTS UP IN FIRST SIX MONTHS

OW171740 Beijing XINHUA in English 1331 GMT 17 Jul 86

[Text] Beijing, July 17 (XINHUA) -- China exported 12.8 billion U.S. dollars worth of goods in the first half of this year, up 13.7 percent over the same period of last year, today's international business paper reports. The total value of imported goods received by China during the same period came to 14.4 billion U.S. dollars, down 2.7 percent.

The country's foreign exchange earnings from sales of oil dropped "sharply" because of the steep fall of oil prices on the international market, says the paper, quoting a spokesman for the Ministry of Foreign Economic Relations and Trade. But the earnings from other goods rose 38 percent. These included cereals, cooking oil, light and textile industrial products, native and animal by-products and arts and handicrafs articles.

EASTERN SECONDARY, TERTIARY INDUSTRIES DEVELOP

OW080037 Beijing XINHUA Domestic Service in Chinese 1057 GMT 7 Aug 86

[By reporter Jiao Ran]

[Text] Beijing, 7 Aug (XINHUA) -- Secondary and tertiary industries developed rapidly in the rural areas of China's eastern economic region in the course of rural reform. The output value of these industries has exceeded that of primary industry, thanks to readjustment of the production structure. In 1985, the average output value produced by rural manpower in east China reached 2,193.41 yuan more than the national average. The living standard of peasants in the entire region is moving distinctly from a stage of having enough food and clothing to that of comparative affluence.

In addition to economically-developed Shanghai, Beijing, Tianjin, Zhejiang, Guangdong, and Jiangsu, China's eastern economic region also includes Liaoning, Shandong, Fujian, Hebi, and Guangxi.

Situated near the coast or around large or medium-sized cities, the rural areas in this region have good transportation systems and easy access to information. In addition, people there have higher cultural, scientific, and technological standards and a better economic and social environment, which all contributes to the development of secondary and tertiary industries. According to the State Statistical Bureau, the total products produced by the rural people in China's eastern economic region reached 342.9 billion yuan in 1985, accounting for 54.1 percent of the nation's total. The output value produced by rural industry, construction, transportation, and commerce totaled 178.5 billion yuan, representing 52.1 percent of the total products produced in the region's rural areas, compared with 38.8 percent in 1980. Some 27 percent of the rural manpower in this region is engaged in secondary and tertiary industry, an important factor in the rise of rural productivity and income.

ZHAO ZIYANG URGES MORE FOREIGN INVESTMENT

OW071532 Beijing XINHUA in English 1508 GMT 7 Aug 86

["China Hopes To Strengthen Cooperation With Foreign Countries in Investment, Says Premier" -- XINHUA headline]

[Text] Beidaihe, August 7 (XINHUA) -- Chinese Premier Zhao Ziyang said here today China hopes to strengthen cooperation with foreign countries in the use of foreign fund in the period of Seventh and Eighth Five-Year Plans (1986-1995). Zhao made these remarks during a meeting with businessmen of petrochemical industry and bankers from Japan, the United States, Federal Republic of Germany and Britain. He also proposed several possible areas in which foreign investors may be granted specially favorable terms.

Noting that shortage of funds will remain a major restraint in China's modernization drive, Zhao said China welcomes various forms of foreign loans and wants to see more foreign firms to invest in China and open joint ventures and cooperative projects and enterprises exclusively operated with foreign fund. Zhao said the scale of foreign investment is not yet big at present, and he hoped that greater progress will be made. Foreign business people, he went on, all agreed that China is a potential market, and wages, land and service fees can be relatively low. Some foreign firms are complaining that investors in China feel disappointed at the relatively high costs, Zhao observed.

He stated China is prepared to consider this problem seriously in order to keep China attractive to foreign investors. The cost of their products will have to be kept low enough to make them competitive on the international market. Zhao pointed out that because China's insufficient foreign exchange reserve and repayment capability, joint ventures, cooperative ventures and enterprises with exclusively foreign funds in China all face the problem of remitting their dividends out of China. He put forward some tentative ideas on the solution of this problem, saying that specially favorable terms may be granted to direct foreign investment in following cases:

China can grant specially favorable terms in wage, land rents and various other fees to those foreign investors in China if their products are exported to foreign countries. The aim is to make such foreign investment in China markedly more competitive than elsewhere in the world. This also applies to foreign investors who sell their products in China but reinvest in China their income from such sales.

If foreign investors do not remit their due profits in cash out of China but instead spend them buying Chinese-made products, China will also grant them big preferential treatment. Zhao continued, "I think we can also think of more ways. In short, provided both sides try to find, on the basis of equality and mutual benefit, a reasonable solution of the foreign exchange problem, foreign firms will enjoy a big scope for their activity in China."

This means that they will be able to expand cooperation with China by making fuller use of the favorable conditions in China, its vast market and manpower and comparatively low prices. "On our part, we can also absorb foreign fund more boldly," he added. He said, the Chinese Government is considering concrete measures aimed at promoting cooperation with foreign countries in the use of funds.

He went on, "you're most welcome to take the lead in investing in China. Meanwhile, I hope you will convey this message to your colleagues."

The foreign businessmen and bankers present at the meeting had just attended a ceremony at the Daqing oilfield marking the commissioning of first phase of the Daqing Ethylene Complex. During the conversation lasting one hour and 40 minutes today, the premier expressed thanks to all foreign companies and experts involved in the project. The foreign participants at the meeting commented that the project will serve as an example for further Sino-foreign cooperation.

Premier Zhao said the petrochemical industry, a traditional industry, is regarded as a "twilight" industry in developed countries. "But it is a 'rising-sun' industry in China," he said, enjoying great potential for expansion in the country. Zhao reiterated that China's policy of opening to the outside world and seeking foreign economic and technological cooperation is a long-term policy. The scale of such cooperation will become even bigger in the future, he predicted.

Among those present at the metting were State Councillor Zhang Jingfu, and U.S. Ambassador to China Winston Lord, Counsellor of the Japanese Embassy to China Keizaburo Henmi, and Commercial Counsellor of the Embassy of Federal Germany to China Jurgen Knote.

EARLY RICE HARVEST EXPECTED TO EXCEED LAST YEAR

OW070612 Beijing XINHUA in English 0602 GMT 7 Aug 86

[Text] Beijing, August 7 (XINHUA) -- Although national statistics are yet to be available, China's 1986 early rice harvest will be better than that of last year, the Ministry of Agriculture, Animal Husbandry and Fisheries said today. Of the country's 13 major early rice producing regions, ten are anticipating higher output. The harvest will be worse for Guangdong, Guangxi and Fujian which were hit by typhoons during the ripening period of the crop. China grew early rice on nine million hectares this year, 33,000 hectares less than last year. However, per unit output will be higher in most producing areas, thanks to improved field management and application of more fertilizer.

NONGMIN RIBAO ON PERFECTING GRAIN CONTRACTS

HK061046 Beijing NONGMIN RIBAO in Chinese 25 Jul 86 p 1

[Commentator's article: "Perfect the Grain Contract System by Economic Means"]

[Text] Changing the grain monopoly purchase system into the contract purchase system is a major policy which requires arduous work in the second phase of rural reform. So far, the new purchase system has been implemented for nearly 2 years, and many localities have grain experience in practice. However, further efforts are needed in order to perfect this system, and we must not relax our efforts.

At present, many things have to be done in order to perfect the grain contract purchase system, but the most important thing is to make full use of all existing conditions and create new conditions for the implementation of this policy and gradually become real and mature economic contracts.

Not all of our comrades have understood the significance of perfecting the grain purchase contract system through economic means. Some comrades have worked for a long time under the system of purchasing grain by assigning quotas and targets through the administrative channels. They still use their previous work methods when implementing the contract purchase system. They regard the purchase contracts as target assignment papers. Even if they can fulfill these "tasks," their workstyle will still dampen peasants' enthusiasm for increasing grain production and selling more grain to the state. If this workstyle is not changed, perfecting the grain purchase contract system will merely be empty talk.

Some people say that they do understand the importance of economic means, but as the state now cannot take sufficient materials to exchange for peasants' grain, administrative means may be the final solution. Admittedly, this reflects part of the facts. At present we still do not have the conditions for making "mutual exchange," and administrative means cannot be completely discarded. However, the question is what our guidelines and the focus of our work should be. Should we rely mainly on strengthening administrative means or adopt more effective economic means? Should we backtrack to the old road of monopolized purchases or continue to advance the purchase contract system and finally turn the purchase contracts into real economic contracts? If we are to carry out reform, we can only choose the latter.

So long as our guideline for perfecting the grain purchase contract system is to adopt more effective economic means and rely mainly on economic means, we will find many things we can do now even though we do not have the conditions for making mutual exchanges with the peasants at the time being.

First, we may link the supply of low-cost production materials with the purchase of grain. At present, the state can now supply peasants with tens of thousands of tons of diesel oil, tens of thousands of tons of chemical fertilizer, and other production materials each year. Although these materials still cannot satisfy all of the peasants' needs, they are still a large quantity of things. [paragraph continues]

If these things can be all passed to the peasants hands rather than being withheld by some departments for other purposes, they will play a great role in perfecting the grain purchase system.

Second, we may appropriately reduce the quantity of grain purchased on the basis of contracts and increase the proportion of grain being bought and sold on free markets. This year the state has planned to reduce the quantity of grain purchased on the basis of contracts by 30 billion jin, and the peasants will gain some real benefits from this measure. If this readjustment can be made properly, it will certainly arouse the peasants' enthusiasm for signing grain contracts.

Third, we may adopt the measure of using rural processing industries to support the farming industry. Localities can set up their funds for assisting agriculture, and these funds can be linked with grain production. This will also arouse the peasants' enthusiasm for producing grain.

Fourth, we may create certain forms of consultation with peasants. For example, some regular peasant representatives' meetings can be held so that local authorities can hold direct dialogue with the peasants. On these occasions, the authorities can tell the peasants about the details of the grain purchase contracts so that the peasants can make better preparations.

In fact, we may do more than the above as long as our guideline is to rely on economic means in the course of perfecting the grain contract system. If all leading bodies and departments concerned firmly adhere to this guideline in their practical work, the grain purchase contract system will certainly become perfect in our practice.

SHANGHAI MAGAZINE'S MAIL CRITICIZES NUDIST BAN

OW070841 Tokyo KYODO in English 0735 GMT 7 Aug 86

[Text] Shanghai, China, Aug 7 KYODO -- A Shanghai magazine has printed two letters from its readers in favor of lifting a ban on nude scenes in television and movies in yet another call for greater freedom of artistic expression in China. One of the letters, from an engineer in Shenyang in the northeast of the country, said nudity is not necessarily obscene. The reader added that Chinese children should get used to nude scenes and pictures ready for the day when they will be exposed to them when Hong Kong reverts to China and in the event of reunification with Taiwan.

The Chinese authorities have pledged that they will allow Hong Kong to retain its capitalistic system even after the return of the British Crown Colony to Chinese jurisdiction in 1997. The engineer also said it is "deplorable" that Chinese television stations broadcast a Soviet film last year without a bathing scene of a woman guerrilla.

The magazine, QINGNIAN YIDAI, recently carried an article about the scene being cut from the film.

The other letter, from a youth in Jiangsu near here in reference to the article, said Chinese movie and television people should be free from a variety of restrictions and "make a leap forward powerfully." The publication printed the letters under the headline, "Too Many Taboos in Chinese Movie and TV Circles."

WANG MENG ATTENDS TIBETAN FESTIVAL IN LHASA

OW061416 Beijing XINHUA in English 1357 GMT 6 Aug 86

[Text] Lhasa, August 6 (XINHUA) -- Large crowds of residents here have been drawn to Norbu Lingka, Lhasa's largest park, to watch Tibetan operas to mark the annual "Xodoin" Festival which began yesterday. The festival falls on the 29th day of the sixth month by the Tibetan calendar. Customarily, lamas would come down from their monasteries high up the mountains to celebrate the festival with laymen. Originally a celebration of the making of yogurt, the Xodoin has gradually become a theatrical event and is now known as "the festival of Tibetan opera".

This year, eight local troupes, together with troupes from Qinghai, Gansu and Sichuan provinces, will perform in Norabu Lingka, Zhebung Lamasery and in factories and rural areas till August 13. The traditional Tibetan operas blend dialogue, singing, dancing and acrobatics. Several hundred foreign visitors attended celebratory activities in Zhebung Lamasery yesterday, together with thousands of Tibetan residents and lamas. Wang Meng, minister of culture and a famous writer, Wu Jinghua, the secretary of the Chinese Communist Party Committee of the Tibet Autonomous Region, and other local leaders attended yesterday's opening ceremony in Norbu Lingka.

LI PENG VISITS BICYCLE PLANT IN JIANGSU

OW061031 Nanjing Jiangsu Provincial Service in Mandarin 1000 GMT 5 Aug 86

[Excerpts] During a recent inspection of a bicycle accessories plant in Jiangsuis Wujin County, Vice Premier Li Peng and Central Military Commission Vice Chairman Yang Shangakun highly praised the plant by saying "it is a small plant, yet efficiently run." What were the reasons that led the two central leaders to highly evaluate the township-run factory? The staff and workers said because the plant was managed by the strict director Tan Zhiren, who was also secretary of the plant's party branch.

Tan Zhiren, 56, joined the party in the 1950's. Under his leadership, discipline and regulations are strictly enforced in the plant. When his cousin absented hiiself from work many times without good reason in April this year, he called a meeting of the staff and workers and demanded that his cousin make a public self-criticism according to plant regulations. [passage omitted]

Two years ago Tan Zhiren received a monetary award from the Changzhou General Bicycle Plant. He spent half of the money to buy candies for all the staff and workers in order to let them enjoy the fruits of success.

BRIEFS

MONGOLIAN WORD PROCESSOR -- Beijing, 6 Aug (XINHUA) -- A computer world processor for the Mongolian Language passed a technical appraisal last month. This is the first computer which processes a Chinese minority language. Among the 55 ethnic minorities in China, about half have written languages. The computer can also process Chinese and romanized languages. [Text] [Beijing XINHUA in English 0006 GMT 6 Aug OW]

JIANGXI MILITARY DISTRICT IMPROVES PARTY STYLE

OW080045 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 5 Aug 86

[Excerpts] The Jiangxi Provincial Military District's party committees at all levels have achieved marked results by relentlessly improving party style. Since the CPC Central Military Commission issued the call to achieve a fundamental turn for the better in party style in the armed forces this year, the provincial Military District party committee has mapped out realistic measures to improve party style, [words indistinct] on the one hand paying attenton to the education of party spirit, party style, and party discipline, while on the other checking and handling major and grave cases. Meanwhile, it has also paid great heed to military and political officers, at army, division and regiment level, playing a crucial role in improving party style, in order to build a first-rate army contingent and make new progress in rectifying party style. [passage omitted]

Members of the Standing Committee of the Military District's party committee have been praised by the leaders, organs, and party committee of the Nanjing Military Region for taking the lead in improving party style and curbing unhealthy trends by abiding by the party constitution and other party principles. [passage omitted]

During February and March, 11 military subdistricts and units under the direct administration of the provincial Military District reorganized themselves. Most party cadres have properly handled the matter of keeping and laying off personnel. [passage omitted]

In the course of checking and handling major and grave cases, leaders of the provincial Military District have boldly investigated and handled five cases of violating law and discipline and of corrupting party style.

SHANDONG COMMENTARY VIEWS ECONOMIC DEVELOPMENT

SK070707 Jinan DAZHONG RIBAO in Chinese 26 Jul 86 pp 1, 3

[Commentary: "Proceeding From Reality and Grasping Major Contradictions To Promote Economic Development" -- On the Economic Situation of the Province in the First Half of This Year]

[Excerpts] Since the beginning of this year, our province's economic work has developed soundly, and a good trend of an overall increase in growth rate, economic returns and reserve strength has emerged. In the first half of this year, the province created 28.785 billion yuan in industrial output value, registered an increase of 4.1 percent over that of the corresponding period of last year, during which a 26.8-percent increase was achieved over the previous year. When the ouput value of village-run industries is included, the growth would be 8.3 percent. In agricultural production, despite very serious drought, the total wheat output of the province reached 15 billion kg, and all-time record. Urban and rural markets were thriving, with the total retail sales reaching 14.94 billion yuan, an 8.4-percent increase over the corresponding 1985 period. The total value of the commodities purchased for exports was 3.198 billion yuan, a 51.3-percent increase over the corresponding 1985 period; and the provincial revenues were 3.58 billion yuan, a 5.06-percent increase. The good economic situation in the first half of this year has provided a favorable foundation for the province to achieve a fairly ideal goal in economic work.

The reason why our province's economic situation has been better than expected since the beginning of this year is that the provincial party committee truly shifted its work focus to economic work. Setting themselves as examples, the principal responsible comrades of the provincial party committee devoted major efforts to the investigations and study of economic work. They implemented the central principles and policies in line with the actual conditions of Shandong, and, proceeding from reality, dared to expose contradictions and solve problems resolutely.

Grasping Economic Work Firmly

The successful fulfillment of the Sixth 5-Year Plan laid a solid foundation for the economic development for the Seventh 5-Year Plan? After repeated discussions, the provincial party committee held that the current situation is greatly different from that in the early Sixth 5-Year Plan. During that period, the wounds incurred during the 10-year turmoil had yet to be totally healed, the tasks to put an end to chaos and set things to rights remained very arduous, the problems left over from history were many, and the work to implement policies was just at the beginning. As a matter of fact, party committees did not have enough time to and could not possibly shift their major efforts completely to economic work. However, today when the tasks in the aforementioned fields have been basically completed, the provincial party committee can and should put its major efforts in economic work to ensure a new leap in the province's economy. Understanding this, the provincial party committee has firmly grasped economic work since the beginning of this year. In view of the new situation and new problems emerging after exercising macroeconomic control, and the numerous understandings of cadres and people concerning growth rates, it clearly pointed out the need for guarding against a sharp fall after the sharp rise achieved last year, thus unifying their thinking fairly successfully. Through investigations, study, and repeated appraisals, the provincial party committee decided at a provincial work conference on planning, economy, and foreign economic relations and trade held in March this year that the industrial growth rate for this year was planned at 10 percent while quality is ensured and better economic results are achieved, and that efforts should be exerted to make it 12-15 percent when doing our work. [passage omitted]

Boosting the Enthusiasm of Localities, Enterprises, and Staff Members and Workers

Since the fourth quarter of last year, many new problems have arisen in our province's urban economic work. Major ones are: Some local rational flexible reform measures do not count any more, and the economic contracts of enterprises cannot be totally fulfilled; after the wage reform of enterprises, the amount of bonuses has declined, and the means to enforce the economic responsibility system is weakened; the understandings of the enforcement of the system of having plant directors assume full responsibility are not unified, and therefore directors are at a loss as to what to do; and the parties and entertainment necessary to enterprises in their production and business activities are considered unhealthy trends. These problems dampen the enthusiasm of enterprises, and staff members and workers at varying degrees. The provincial party committee has attached great importance to this, holding that we cannot win the trust of the people if we leave policies, however good they are, unimplemented. It called for emergency investigations, study, and formulation of methods, thus ascertaining the situation very quickly. [paragraph continues]

In view of the situation in which some localities failed to honor their contracts last year, it also adopted a resolute measure, announcing in explicit orders that the provincial party committee and government should mean what they have said, and each level should be responsible for the implementation of the policies it has decided on. With the guidance and active encouragement of the provincial party committee, all localities have proceeded from reality to fulfill the contracts signed last year fairly quickly, and have thus effectively facilitated the institution of the economic responsibility system this year. As of date, more than 90 percent of the province's large and medium-sized enterprises have put into effect the economic responsibility system fairly successfully. [passage omitted]

Conscientiously Solve Practical Problems To Promote Solid Economic Development

Since the beginning of this year, we have encountered prominent problems in organizing production such as lacking energy resources, raw materials, and floating funds. In order to conscientiously help the enterprises solve these problems, leaders of the provincial party committee and the provincial government have personally organized personnel to conduct investigations and study among the grassroots to clearly grasp the situation, and have convened provincial-level departments concerned to study and formulate measures for solving these problems. The provincial party committee and the provincial government decided to allot 700,000 tons of coal for generating electricity. Thus, the province has bascially balanced the supply of fuel for electricity generation. The electric energy production in the first half of this year increased by 13.4 percent over that of the same period of last year. The strains on power supply have been alleviated. Besides organizing the enterprises producing raw materials to make efforts to increase their production and importing some of the raw materials, the province has concentratively mobilized the enterprises and their staff members and workers to strengthen market regulation and economic cooperation and to save and reduce energy consumption in order to solve the problems concerning lacking raw materials. [passage omitted]

The provincial party committee and the provincial government not only have firmly, carefully, and solidly grasped the economic work, but also have given thorough and far-reaching consideration to the issue concerning reserving strength for economic development, and have taken earlier measures for grasping it. For instance, the provincial party committee and the provincial government placed the work of supporting the impoverished areas, including the Yimeng mountainous area, to develop the economy on the main items of the agenda last year. Li Changan, deputy secretary of the provincial party committee and governor of the province, guided responsible comrades of more than 20 provincial-level departments to go deep into the Yimeng mountainous area to help study and formulate measures for eliminating poverty and seeking prosperity. Through the efforts made over the past 1 year, these impoverished areas have made initial achievements with regard to planting trees, developing afforestation, building and repairing roads, erecting power lines for agricultural use, opening broadcasting facilities, building water conservancy projects, and rebuilding schoolhouses and have made great progress in agricultural production and a diversified economy. The per capita income of the 170,000 impoverished households across the province surpassed 200 yuan last year. The people in these areas basically have sufficent food to eat and clothing to wear. [passage omitted] Our province has greater development in town and township enterprises over the past few years. Compared with Jiangsu Province, we even have a longer way to go. To development of town and township enterprises in the eastern and western parts of the province is uneven. This is the key factor affecting the province's economic development. [paragraph continues]

In order to facilitate the development of town and township enterprises, the provincial party committee decided to regard the development of town and township enterprises as a strategic priority to make the people rich and Shandong prosperous. Through the development of town and township enterprises, we will be able to liberate the people from the narrow lands and the outdated economic patterns, to change the unitary economic structure of the rural areas, and to change the advantages of having natural resources into those of having commodities. In order to do so, the provincial party committee and the provincial government called for giving priority to construction of the leading bodies of town and township enterprises; and called on banking and crediting, supply and marketing, financial and tax, and industrial and commercial administrative departments to give assistance to and strengthen management over town and township enterprises so as to change the previous situation in which fewer departments gave assistance to the enterprises and many departments imposed strict restrictions on them, and to further help these enterprises upgrade their commodity rate, improve product quality, and enhance their competitiveness. The provincial party committee and government called for vigorously promoting the lateral economic cooperation between different town and township enterprises and between the enterprises and other fields so as to give them more vitality for development.

ZHEJIANG'S WANG FANG SPEAKS TO MILITIA MEETING

OW071337 Hangzhou ZHEJIANG RIBAO in Chinese 29 Jul 86 p 1

[Excerpts] From 24 to 27 July the Nanjing Military Region convened a meeting in Xiaxing to exchange experiences in reforming militia organization and training on a trial basis. Zhejiang's Jiaxing Military Subdistrict, Fujian's Fuzhou Military subdistrict, and five other units delivers speeches on their typical experiences. Wang Fang, secretary of the Zhejiang Provincial CPC Committee, called on the attendants. Shen Zulun, member of the Standing Committee of the provincial CPC Committee and vice governor of Zhejiang, addressed the meeting.

Huang Litian, a section chief of the Mobilization Department under the PLA General Staff Headquarters; Zheng Bingqing, deputy chief of staff of the Nanjing Military Region; Sun Changming, director of the Military Region's Mobilization Department; Li Qing, commander of the Zhejiang Military District; Liu Xinzeng, the Military District's political commissar; Zhungze, secretary of the Jianxing City CPC Committee; and Jiaxing Mayor Zhou Hongchang attended and addressed the meeting. [passage omitted]

Since the CPC Central Committee issued the directive on improving militia and reserve service work in the new period while paying attentin to economic development, the People's Armed Forces Departments, acting upon the unified plan of the Nanjing Military Region, have conscientiously publicized and studied the directive and have worked out realistic measures to implement it. The various provincial military districts under the Nanjing Military Region and the Shanghai Garrison District have selected a county and city in their respective areas to reform militia organization and training on a trial basis, and have gained some experience in this respect. The meeting called on People's Armed Forces departments at all levels to popularize typical examples in light of local conditions, to reform militia work in line with the 16-character principle, "reduce quantity, improve quality, grasp priorities, build a good foundation," to make militia work subordinate to and serve economic development in a still better way, and to create a new situation in militia and reserve service work. During the meeting the representatives visited the militia training site of Pinghu County and viewed a joint military exercise demonstration.

HEILONGJIANG SECRETARY ON REDUCING EXPENDITURES

OW061459 Beijing XINHUA Domestic Service in Chinese 0639 GMT 4 Aug 86

[By reporter Zhang Chijian]

[Text] Harbin, 4 Aug (XINHUA) -- In the course of rectifying party style, party and government organs at all levels in Heilongjiang Province have brought up the issue of ever-increasing administrative outlays due to overstaffed organs, excessive meetings, and too many cars. At the meeting of the responsible comrades of party committees of various departments directly under the provincial authority and the various prefectural and city party committees, Secretary Sun Weiben of the provincial party committee summed up the views of those attending the meeting and cited the following figures: Administrative outlays in Heilongjiang last year totaled 563 million yuan, more than double those of 1980 and ranking No 6 in the nation in administrative outlays. These figures were revealed at the meeting recently held by the provincial party committee.

Dwelling upon the issue of overstaffed government organs and excessive meetings and cars, Sun Weiben pointed out the following:

-- There are too many administrative personnel. As of the end of last year, the total number of administrative personnel had reached 101,995 (excluding personnel who work for the republic security, procuratorial and judicial organs, and courts), marking an increase of 11,351 people compared with 1983. The reasons for this increase are:

1. Various prefectures and cities determine the sizes of their administrative organs by themselves. According to statistics compiled at the end of last year by the provincial committee for determining the authorized sizes of government organs, various prefectures and cities have generally established 5 to 6 administrative organs on their own. One of the prefectures had established as many as 12 administrative organs on its own. This alone means that they are overstaffed by 8,740 people.

2. Administrative offices have been set up and personnel hired in various organs without authorized funds. The administrative organs directly under the provincial authority have set up 31 additional offices with 634 additional staff members, increasing the total administrative expenditures by 2.66 million yuan.

3. The province's various government organs in general have exceeded their authorized size. According to a survey of over 16 departments and bureaus under the provincial government, these departments and bureaus are authorized a total of 1,145 staff members, as approved in 1983. However, they have already been overstaffed by 324 people as of the end of last year.

4. There are too many interim organs. The administrative expenses for all the interim organs in the province last year reached 2.47 million yuan. Due to the fact that there are too many organs and staff members, some of the units have to rent guesthouses or hostels and use them as offices. In 1985, the administrative units throughout the province paid 1.77 million yuan for their office rent.

-- There are too many cars. In 1985, the various government organs throughout the province (excluding public security, procuratorial and judicial organs, and courts) had a total of 2,964 cars, registering an increase of 737 cars as compared with 1984. They had spent 30.59 million yuan for auto procurement during 1985. They showed great interest in purchasing high-quality cars. Some of the units bought Volga cars in early 1985, but later on, they quickly got rid of the Volga cars and spent more money to buy expensive limousines.

-- There are too many meetings. In 1985, various government organs in the province spent 20.2 million yuan in convening meetings of all types, more than double that spent in 1980. According to statistics compiled by the general office of the provincial party committee, the number of sessions convened in 1985 by various departments under the provincial party committee had doubled that of 1984 with the number of days in session increased by 40.9 percent, the number of people attending the sessions increased by 92 percent. The number of meetings held by the various departments under the provincial government also increased by 60.4 percent. A total of 214,000 yuan was spent for the province-wide meeting of "five stresses, four beauties, and three ardent loves" convened in 1985, while some other provinces spent only less than 100,000 yuan in convening a similar meeting. According to regulations, this meeting is authorized to spend 9,900 yuan for buying prizes and awards, while the actual expenses for this meeting should not exceed 76,135 yuan.

It is understood that in light of the issue of ever-increasing administrative expeditures in the province, the Heilongjiang Provincial CPC Committee and the provincial government have adopted some measures for curbing expenses, some of which have already yielded results. As a result, expeditures in this regard in the province during the first half of this year are less than those budgeted. Right now, the government organs at all levels are studying how to further reduce various outlays.

HEILONGJIANG DEALS WITH UNHEALTHY PRACTICES

OW080309 Beijing XINHUA Domestic Service in Chinese 0649 GMT 7 Aug 86

[Excerpts] Harbin, 7 Aug (XINHUA) -- In conducting grass-roots party rectification, the Heilongjiang provincial party committee has taken a serious attitude in solving every problem of unhealthy practice on the part of leading organs and cadres revealed by grass-roots units. In dealing with these problems, it has adopted the method of keeping a record of the facts, giving timely instructions to the departments concerned, and supervising and prompting the handling the problem. A total of 974 problems concerning provincial, prefectural (city), and county party and government organs, enterprises, and institutions at the prefectural (city) and county levels were revealed by grass-roots units. Thus far, 763 have been corrected. Recently, the Central Commission for Guiding Party Rectification distributed a report on this matter from the party rectification office of the Heilongjiang provincial party committee with this note: What the Heilongjiang provincial party committee has done has provided an important experience. It "has produced a very good effect on consolidating and developing the fruitful results of party rectification in leading organs at and above county level, and on prompting these units to further the work of rectifying party style, and has set an example worth emulation by all localities."

Practical experience in conducting party rectification makes the Heilongjiang provincial party committee aware that many unhealthy practices in organs and units at and above county level are connected with the problems in grass-roots units, and that the unhealthy practices of some leading cadres with party membership are known most clearly by the people concerned in the grass-roots units. This provincial party committee believes that, by taking a serious attitude to solving the problems revealed by grass-roots units, it will be able to have those at the higher level prompted by those at the lower to correct their problems, thus further improving the party style of leading organs and units at the higher level. For this reason, at the key beginning of party rectification work at the grass-roots level, it pointed out clearly that every problem revealed by grassroots units concerning leading organs at and above county level — that is, provincial, prefectural (city), or county organs — must be investigated and dealt with. Accordingly, all localities have made serious efforts to grasp this work. According to statistics compiled at the end of June, covering 104 provincial departments and bureaus, 14 prefectures (cities), 3 forestry administrative bureaus, and 9 agricultural administrative bureaus, as many as 974 problems concerning provincial, prefectural (city), and county party and government organs, enterprises, and institutions at the prefectural (city) and county levels had been revealed by grassroots units, including abuse of official power for selfish ends, economic problems, long-term misuse of public funds, no or insifficient payment for the purchase of agricultural and sideline products, use of public funds for lavish feasting, acceptance of gifts, and purchase, sale, and construction of houses in violation of the policy. Now, 78 percent of the problems have been investigated and dealt with. [passage omitted]

To find the problems revealed by grass-roots units, the Heilongjiang provincial party committee has relied on many channels, but the following are the three main ones: 1) Encouraging the masses to write letters or visit the authorities concerned to expose problems; 2) intensively investigating and dealing with the problems revealed through the handling of other cases; and 3) taking up the problems revealed by grassroots level. The provincial party committee has demanded that the problems revealed be dealt with seriously and resolved in earnest by party committees at provincial, prefectural (city), or county level as the case may be, and that all major problems involving leading cadres with party membership be investigated and dealt with seriously the party committee at the next higher level. In practical work, most party committees and party rectification offices at the prefectural (city) and county levels have been able to keep a record of the facts, given timely instructions, supervise and promptly handle problems, and set a deadline for their solution. In this way, practically every problem has received due attention.

JILIN RIVERS, RESERVIOR 'IN DANGER'

HK050527 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1258 GMT 4 Aug 86

[Report by Liu Beixian: "Jilin Hit by Rainstorms; Its Reservoirs in Danger" -- ZHONGGUO XINWEN SHE headline]

[Text] Changchun, 4 Aug (ZHONGGUO XINWEN SHE) -- Early this morning, when this reporter walked in mud from the Changchun railway station, the station was broadcasting a notice that a flood destroyed the railway, all rail service between this provincial capital and Baicheng, the city to its northwest, was suspended.

Over the past few days, there have been consecutive rainstorms and heavy rainstorms in Jilin Province. The water in its 19 rivers and 13 big reservoirs has risen sharply one after another to emergency levels. The most serious was the lower reach of the Dongliao He, in which the flood peak flow has exceeded the designed capacity of the dikes. After the rain, the water in the Xinkai He valley has risen drastically over the dikes. Four villages in Nongan County have been flooded. Lishu County's Shengli and Xiaoshan Resrvoirs have been broken by the flood.

According to incomplete statistics, by 2 August, 15 million mu of farmland in Jilin have been affected, over 80,000 houses have collapsed, the number of flood victims reached 1.68 million, and over 260 kilimeters of dikes has been broken by the flood. So far there has been no news about any casualty.

One million servicemen and people have plunged in the struggle against floods, and the responsible party and government officials of the province and various cities under the province have gone to the frontline of the struggle to direct the fighting agains the flood.

According to data provided by Jilin provincial meterological bureau, the province's rainfall for June and July was the highest in the past 30 years. The rain has fallen mainly in the central area of the province. After the last high-water in the central area of the province. After the last high-water season, there was much snow and rain last winter and spring, which has greatly aggravated the flood this year. The bureau's forecast shows that the flood period this year is different from that in previous years, in which dangers usually occurred in mid-August. It expects more rain than usual this August.

GAO DI INSPECTS FLOOD-HIT AREAS IN JILIN

SK071001 Changchun Jilin Provincial Service in Mandarin 0930 GMT 6 Aug 86

[Text] Liu Kingsong, Commander of the Shenyang Military Region, went to the valley of the Dongliao He to inspect the flooding situation and to extend his regards to the victims and the commanders and fighters of the PLA units which had joined in the operation of combating the flood and rushing to deal with the emergency.

On the afternoon of 5 August, Commander Liu Jingsong accompained by the leading comrades of the provincial CPC Committee, the provincial People's Government, and the provincial Military District boarded a helicopter and flew over areas of Shuangliao and Lishu counties and Gongzhuling City along the valley of the Dongliao He to inspect the flooding situation. That evening Wang Jinshan, vice governor of the province, briefed Commander Liu Jingsong on the flood disaster since the beginning of the flooding season. (Wang Yifang), secretary of the Siping City party committee, briefed the commander on Dongliao He, which had suffered tremendous losses to the economy and the people throughout the city.

In hearing the briefings, Commander Liu stated: By no means should we withdraw our forces as long as the flood exists. If it is over, the PLA units will also help the people in the flood-hit areas restore their production and rebuild their houses.

On the morning of 6 August, Gao Di, secretary of the provincial party committee, hurriedly took a special trip from Changchun City to Shuangliao County to inspect the inundated areas including (Maogen) Township by joining in an inspection group which included Commander Liu and other leading comrades. Upon seeing the chickens and ducks on the top of collasped houses and fallen trees, Commander Liu stated: The important task right now is to evacuate the property of the masses.

He immediately ordered the comrades from the PLA units to rapidly put to use the large number of rubber rafts and speedboats and to call up units in charge of building bridges.

During their inspection in (Zhujiazi) and (Qiantaiping) Villages in (Dongming) Township, Shuangliao County, Liu Jingsong, Cao Di, and other leading comrades visited the more than 1,000 victims rescued from the inundated areas. The family of (Guo He), head of the village, accommodated 100 victims of 12 households. His six family members moved into their court in order to give their rooms to four victims over 70 years old and women victims with children. By holding the hands of these family members, Comrade Gao Di stated: We thank you for your efforts to share the difficulties of the party and the government, we should all the more carry on our style, unite as one, and conduct mutual assistance to overcome the difficulty.

On the morning of 6 August, Commander Liu Jingsong, Secretary Gao Di, and other leading comrades also visited commanders and fighters of the PLA units that had joined in combating the flood and rushing to deal with the emergency in Shuangliao County to extend their regards to them.

SHENYANG MILITARY REGION CORRECTS IRREGULARITIES

OW071041 Beijing XINHUA Domestic Service in Chinese 0104 GMT 6 Aug 86

[By reporter Li Yuezhu]

[Excerpts] Shenyang, 6 Aug (XINHUA) -- The Shenyang Military Region Headquarters has taken actions to correct irregularities among its staff and to fundamentally improve party style among troops [passage omitted]

In late June, leading comrades of the military region selectively inspected six major business departments under the Staff, Political, and Logistic Departments. The inspection showed that the actions taken by leading organs to improve party style had sped up the improvement of party style among troops as a whole.

The capital construction and barracks department is a department with money, materials, and power. Some comrades used to abuse their power by accepting dinner invitations and gifts or paying low prices for some special local products or commodities in short supply. For this reason, the department has formulated regulations banning "10 irregularities" in order to improve party style, and urged all its business sections to abide by and enforce the regulations. Now, it has basically stopped such unhealthy practices as "accepting dinner invitations," "taking or demanding gifts," and "creating difficulties for others." [passage omitted]

The oil supply department has dealt with such problems as deliberately withholding oil supply, or using one's authority in handling oil supply in order to seek private gains, as these irregularities caused a great number of complaints among troops. It has adopted measures to improve its workstyle and serve troops wholeheartedly. As a result, it has basically put an end to such irregularities as creating difficulties for others in oil supply, using one's authority in handling oil supply to seek private gains, establishing under-the-table relationships with certain persons, or handling matters by entering by the back door. [passage omitted]

GANSU LEADERS ATTEND ARMY DAY GATHERING

HK020257 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 1 Aug 86

[Excerpts] The provincial CPC Committee and government held a soiree in the Niuwozhuang Hall in Lanzhou on 1 August to mark the 59th anniversary of the founding of the PLA. Present were Liu Lantao, member of the Standing Committee of the Central Advisory Commission and vice chairman of the CPPCC; Wang Feng, member of the Central Advisory Commission; and Li Ziqi, Huang Luobin, Liu Bing, Jia Zhijie, Wang Bingxiang, Hou Zongbin, Wang Shitai, Li Dengying, Li Keru, Dong Zhanlin, Wang Jintang, Guo Hongchao, Liu Lanting, Li Qiyang, and other responsible comrades of the party, government and Army.

Provincial CPC Committee Secretary [as heard] Lu Kejian spoke on behalf of the province's 20 million people in extending festival greetings and comfort to the PLA units stationed in Gansu, Gansu soliders fighting on the Yunnan frontline, and the provincial armed police units. [passage omitted] Lanzhou Military Region Deputy Political Commissar Pei Jiuzhou also spoke. [passage omitted]

GANSU OPENS MEETING ON PLA CADRE RESETTLEMENT

HK070357 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 6 Aug 86

[Excerpts] A provincial meeting of representatives of advanced units in resettling ex-PLA cadres and of advanced individuals among such cadres opened in Lanzhou on 6 August. This is the first such meeting to be held in Gansu since the liberation. The meeting will sum up and exchange experiences in PLA cadres resettlement work in the past 10 years, commend advanced typical examples in resettlement work and model ex-PLA cadres, and firm up this year's resettlement task. [passage omitted]

Vice Governor Zhang Wule delivered the opening speech on behalf of the provincial government. Pei Jiuzhou, deputy political commissar of Lanshou Military Region, made a speech. (Liu Ying), head of the provincial group for the resettlement of ex-PLA cadres and director of the provincial partys committee's Organization Department, delivered a report entitled "Sum up Experiences, Commend the Advanced, and Raise the Province's Work of Resettling Ex-PLA Cadres to a New Level." [passage omitted]

POLICE QUELL GANSU SOCCER VIOLENCE WITH GUNFIRE

HK061418 Hong Kong AFP in English 1415 GMT 6 Aug 86

[Text] Beijing, Aug 6 (AFP) — Policemen had to fire in the air to stop a vicious brawl involving players, match officials and fans that broke out during a soccer match in northeastern China, a newspaper reported here on Wednesday.

The SPORTS DAILY said a foul had sparked off a "terrible brawl" during a match in the province of Gansu between Jingchang and Tianshui on July 28. The two teams laid into each other first with fists and feet, and then begun throwing stones, until one player drew a knife and wounded another.

Even he referee and linesmen joined in, and spectators poured off the terraces onto the pitch in an effort to stop the fighting. In the end order was restored only when the police drew their guns and fired into the air.

Officials of the two teams were "severely punished," the player with the knife handed over to the police and the other combatants, including the match officials, were told to write self-criticisms, the newspaper said.

QINGHAI FORUM ON DELEGATING POWER TO ENTERPRISES

HK310536 Xining Qinghai Provincial Service in Mandarin 2230 GMT 29 Jul 86

[Text] On 27 July, Governor Song Ruixiang went to the Qinghai Machine Building Plant No 1 to hold a forum with managers of the machine-building industry. They listened to opinions on delegating power to enterprises.

The managers told Song Ruixiang that delegating power to enterprises is imperative. One can not always walk with a stick. Delegating power to enterprises will help them to transform and develop themselves so that they can become independent economic entities in fierce competition.

Some of the managers had three worries about delegating power to enterprises:

1. They are worried about the difficulty in the supply of raw materials, as factory managers find it difficult to arrange production. They worry that after delegating power to enterprises, if goods supply, banks, and other comprehensive departments fail to carry out reforms accordingly, enterprises will not be enlivened.

2. The state has not delegated all the decision-making powers to enterprises. Some powers have been revoked by the state.

3. The worry that there will be various changes on enterprises. For example, building parks, roads, and other public facilities should be carried out by the relevant departments. Enterprises should concentrate on developing production.

At the forum, some managers said that it is very difficult to implement the factory manager responsibility system at present, as appointing factory managers and CPC Committee secretaries is not an easy job. Governor Song said that it must be understood that the manager is the No 1 leader of a factory. If the CPC Committee secretary of a factory does well, he may become the manager of the factory.

At the conclusion of the forum, Song Ruixiang said that the province's industrial production must resolutely take the road of reform, and that delegating power to enterprises is only the first step in reforming the urban economic structure. In the second step of the reform, the enterprises must speed up developing lateral economic ties and make themselves more competitive.

SHAANXI COMPANY MAKES COMPUTERS WITH PRC COMPONENTS

HK060607 Xian Shaanxi Provincial Service in Mandarain 0100 GMT 5 Aug 86

[Text] According to JINGJI RIBAO, a microelectronics company in Qishan County has scored achievements in recent years in using China-made components and parts by adopting the method of importing, assimilation, development, and making innovations.

The model (LX-83) eight-bit computer developed by the company is now in mass production. The computer has been installed in the long-range information transfer and processing system of the Ministry of Astronautics Industry. Furthermore, some 75 percent of the top-quality model (LX-84) 16-bit computer's circuit uses China-made components and parts. In addition to having its own characteristics, the model reaches world technological standards of the early eighties.

In this year's national application appraisal of computers, the two models were awarded the prize of [words indistinct].

SHAANXI LEADERS DISCUSS REFORM ISSUES

HK070257 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 6 Aug 86

[Text] When inspecting work in Baoji City from 3 to 5 August, Bai Jinian, secretary of the provincial party Committee, and Li Qingwei, governor, respectively made important speeches on questions of structural and economic reforms.

Bai Jinian said: Judging by the reality of reform in recent years, economic structural reform will be limited and will even come to an untimely end unless we promptly reform the political structure. He said: Baoji City is one of the country's 16 medium-sized cities that are pilot projects in structural reform. We should think more about the problems that might crop up in this reform, and make ample mental preparations for them. We should carry out appropriate education to enhance the cadres' and masses' understanding of reform.

In his speech, Li Qingwei praised Baoji City for doing a good job in organizing lateral economic ties, opening up to the world, and improving work in the mountain areas. He said: The main reason for the invigoration of the city's economic work is that the Baoji City CPC Committee and government have been creative and flexible in implementing the relevant central and provincial policies.

Li Qingwei also put forward a number of specific views on future development of economic work in the city. On the import of production lines, he said: We should develop in the made-in-China direction in the production of spare parts for imported production lines, instead of depending on imports. The products of these production lines should be sold abroad so as to expand foreign exchange earnings through exports.

XINJIANG LEADERS ATTEND ARMY DAY GATHERING

HK010229 Urumqi Xinjiang Regional Service in Mandarin 0000 GMT 1 Aug 86

[Summary from poor reception] On the evening of 31 July, Wang Enmao, vice chairman of the CPPCC and chairman of the regional Advisory Commission, and Song Hanliang, secretary of the regional CPC Committee and first secretary of the Xinjiang Military District CPC committee, attended an Army-people gathering to celebrate Army Day in Altay City.

XINJIANG LEADERS ATTEND STEEL COMPANY CEREMONY

HK061203 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 4 Aug 86

[Excerpt] The large [words indistinct] mechanized coke oven of the Xinjiang Iron and Steel Company -- another large kiln in the metallurgical construction of our state -- was officially ignited and put into operation this morning. Wang Enmao, Song Hanliang, Tomur Dawamat, and [words indistinct] attended the ignition ceremony and personally ignited the [words indistinct] of the coke oven. [passage indistinct]

Now that the coke oven has been formally put into operation, every year it will be able to produce [words indistinct], some 50,000 tons of tar, [words indistinct].

Tomur Dawamat spoke at the ignition ceremony [passage omitted]

XINJIANG SATELLITE RECEIVING STATION COMPLETED

OW010501 Beijing XINHUA Domestic Service in Chinese 0816 GMT 31 Jul 86

[By correspondent Qiao Xihe]

[Text] Urumqi, 31 Jul (XINHUA) -- On the eve of 1 August, the Alagou Satellite Receiving Station, which was built jointly by the Communications Satellite Ground Station of the Xinjiang Military Region and the Xinjiang Shengli Machinery Plant, was formally put into operation. For the first time the residents of Alagou watched the Central Television Station TV news program of the same day on the evening of 28 July.

Alagou is located in a remote valley more than 300 kilometers from Urumqi City. More than 500 families of staff members and workers of the Shengli Machinery Plant reside there.

In recent years, many staff members and workers have purchased television sets, but due to poor communications they could only watch programs through recorded tapes. News programs were not up to date and other programs were rather dull.

In mid-June of this year, the communications satellite ground station of the Xinjiang Military Region learned the situation and took the initiative to build a small satellite receiving station for the people of Alagou. The station dispatched people to select the location and coordinate with other units in obtaining equipment and facilities. They worked overtime in building and testing. The satellite receiving station built jointly by the army and people was completed quickly.

TAIWAN TO ALLOW BASKETBALL TEAM TO GO TO USSR

OW061441 Taipei CNA in English 1429 GMT 6 Aug 86

[Text] Taipei, Aug. 5 (CNA) -- The government always upholds its principle of separating politics and sports, and based on its principle, it has decided to allow the ROC [Republic of China] national women's basketball team to go to the Soviet Union to take part in the World Cup Women's Basketball Championships to be held in Moscow, a spokesman for the ROC Government said Wednesday.

Chang King-yuh, director general of the Government Information Office, said that the decision does not mean the government has changed its policy of restricting citizens of this nation from travel to communist nations.

In an interview with a CNA reporter, Chang said that in order to facilitate the people here in watching the ROC team's competitions with other countries at an international sports event, the government has agreed to allow CNA reporters and three TV stations to form a team to cover the event.

The government's stand is that on condition of not violating the nation's basic policy, it will be as flexible as possible to meet the actual needs, he said.

TAIPEI ON U.S. CALL FOR TRADE RETALIATION

OW061435 Taipei CNA in English 1408 GMT 6 Aug 86

[Text] Taipei, Aug. 6 (CNA) -- The following is a commentary by the Broadcasting Corporation of China (BCC) in Taipei entitled "ROC [Republic of China]-U.S. Trade Talks."

A five-day trade consultation parley opened in Washington on August 4 in an atmosphere quite different from that marked previous meetings.

On the eve of the talks President Reagan openly accused the Republic of China of unfair trade practices and ordered retaliatory measures. This came as a jolt to the people of Free China because the American President has been known as their good friend.

Reagan said the ROC has reneged on an agreement to treat U.S. exports the same as those from developing countries for purposes of calculating customs tariffs. He was referring to the use of duty-paying tables on July 1, under which customs authorities calculate duties on import items through administrative procedures, rather than based on "transaction value" of the items, ordinarily the invoice price.

Actually, it was a misunderstanding. The new system does not affect American goods. Import duties on American imports are calculated on their transaction value, or invoice value, as agreed upon between the two countries in 1979.

The new system applies only to imports from other countries for fear that some companies may not report their actual transaction values honestly. Therefore, it actually benefits American imports.

Whether the U.S. side will accept the Chinese explanation during the consultation talks remains to be seen. There are other major points to be discussed. As the ROC ships nearly half of its exports goods to the U.S. market, Taipei is clearly in a highly disadvantageous position.

One of the sticky issues is the ROC's export ratio requirement of a joint car venture with Japan's Toyota Motor Co. Although production is still years away and the number of cars involved will be small, the U.S. wants the requirement dropped out of fear that Taiwan-made cars will one day flood the U.S. market.

The fear is unfounded, because the U.S. car market is already dominated by Japan, and the American car industry itself has made some progress in reasserting its once dominant position. Anyway, Taiwan's car exports in the future will be negligible, and they are meant primarily for the Southeast Asian market.

The U.S. also wants the ROC to buy equipment from the U.S. for its major development projects. The ROC has been making such purchases when the American products are competitive on quality and price.

If the ROC side is to buy all the major requirement from the U.S. regardless of quality and price, it would be in violation of not only the ROC's relevant laws and regulations but also the spirit of free trade. This would in turn give rise to complaints from the ROC's other trading partners.

At the bottom of the trade talks is the huge trade surplus the ROC has been enjoying in the past several years. There are many factors responsible for the situation. Forcing the ROC to throw its market wide open may not benefit the U.S., because other industrialized nations, particularly Japan, will also take advantage of the development.

GOVERNMENT SEEKS GRADUAL RISE OF NT DOLLAR

OW061840 Taipei CNA in English 1502 GMT 6 Aug 86

[Text] Taipei, Aug. 6 (CNA) -- A ranking official with the Council for Economic Planning and Development [CEPD] said Wednesday that CEPD has consulted different economic and financial agencies of the nation on the exchange rate of the New Taiwan dollar against the greenback and all the agencies are in favor of a slow and gradual rise of the NT dollar instead of a suddent upward and adjustment to a certain rate.

Wang Chao-ming, vice chairman of and spokesman for CEPD, said all the agencies, including the Central Bank of China, agreed with a recent CEPD report to the Executive Yuan recommending that fluctuation of the value of the NT dollar be decided in accordance with market operations.

CEPD Chairman Chao Yao-tung pointed out in a public speech a few days ago that the ROC [Republic of China] economy will be seriously affected if the NT dollar is brought up to over 37:1 against the U.S. dollar.

Wang said that the 37:1-rate is an important index in the course of gradual rate adjustment of the NT dollar, and the government's position against a sharp rise may help tranquilize the industrial and commercial sectors in the nation.

TAIWAN REPORTS ON VETO OF JENKINS BILL

Textile Makers Warned

OW071235 Taipei CNA in English 1102 GMT 7 Aug 86

[Text] Taipei, Aug. 7 (CNA) -- The Board of Foreign Trade Thursday urged the textile industry to continue to dedicate itself to modifying its structure and developing high added-valued products to ensure its advancement.

Although the Jenkins Bill, which would have protected the U.S. textile industry from foreign imports, was killed as the U.S. House of Representatives voted to sustain President Reagan's veto of the protectionist measure, other similar bills or measures will probably be raised in the U.S. Congress before the mid-term congressional elections, the board cautioned local traders.

Besides, the nation's textile exports to the United States will not increase much in the coming years because of restraints dictated by the new three-year textile agreement signed with the United States in July, the board noted.

To minimize the damage, the board said, the textile industry should strive to modify its structure and develop quality products with high added-valued [words indistinct] losses in quantity due to quotas in exports.

The board said that, to extend its utmost assistance to the textile industry, it is planning to revise the nation's present textile export quota system, adding that it has also engaged the Taiwan Economic Research Institute to study the problem.

MOEA Supports U.S. Policy

OW071459 Taipei CNA in English 1438 GMT 7 Aug 86

[Text] Taipei, Aug. 7 (CNA) -- Vice Economics Minister Wang Chien-hsuan called on all nations which maintain trade relations with the United States Thursday to support President Ronald Reagan's free trade policy.

Reagan's insistance on his free trade policy will help activate the whole world's economy and trade and is beneficial to all the peoples of the world, he opined. He called on all American trade partners, especially those developing nations which enjoy the general system of preferences, to speed up their process of trade liberalization by lowering customs tariffs and reducing trade gaps with the United States so as to help promote the economic development of the whole world.

Wang said that the ROC [Republic of China] Government has been sparing no efforts to push ahead trade liberalization and internationalization in the past few years. He pointed out that the domestic markets have been wide-open and import tariffs sharply reduced.

With the exception of arms, pollution-making articles and drugs, there is almost no restriction at all on the imports, he added.

Textile Bill Defeat Welcomed

OW072219 Taipei CNA in English 1453 GMT 7 Aug 86

[Text] Taipei, Aug 7 (CNA) -- The Ministry of Economic Affairs issued a written statement Thursday expressing welcome to the U.S. House of Representatives' decision to uphold President Reagan's veto of a trade bill setting stiff limits on textiles, clothing, and shoe imports.

In this statement, the ministry said it would like to express appreciation to the U.S. Congress for its support of the basic framework of the Multi-Fibre Arrangement and the U.S. bilateral textile agreements with other countries.

The ministry said the Republic of China [ROC] is one of the United States' major textile and garment suppliers, and for many years, it has faithfully carried out the ROC-USA textile accord. Not long ago, the ROC Government also agreed to accept the U.S. request to include silk and linen products on the quota lists and freeze the ROC's textile exports to the U.S. at 1985 levels, retroactive to Jan 1 this year.

The new textile agreement between the two nations not only will not harm the U.S. textile industry but instead it will prevent American consumers from paying higher prices for textile products, the statement said.

The U.S. congressmen's support of Reagan's veto of the textile bill will also help exporting nations in the world maintain their ability to purchase American agricultural and industrial products, it said.

CEPD Approves of Veto

OW080420 Taipei CNA in English 1457 GMT 7 Aug 86

[Text] Taipei, Aug 7 (CNA) -- A spokesman for the Council for Economic Planning and Development [CEPD] said Thursday that the defeat of the Jenkins Bill in the U.S. Congress indicates that Americans are rational in dealing with issues which are vital to the world economy.

CEPD Vice Chairman Wang Chou-ming said the U.S. congressmen's decision to uphold President Reagan's veto of the textile bill, which proposed stiff restrictions on textile imports, is a great relief to the textile industry in the Republic of China [ROC].

However, he added, the growth of the ROC's textile exports to the U.S. will still be restricted under a new textile agreement between the two nations. From now on the domestic textile manufacturers should study ways of increasing the value of their products to cope with the new situation, he said.

PRC ACKNOWLEDGES PREVIOUS NUCLEAR ACCIDENTS

HK070015 Hong Kong Domestic Service in English 1000 GMT 6 Aug 86

[Text] China has admitted that in the past there have been a number of nuclear accidents, one of them serious, at different installations throughout the country. The news comes in the latest edition of the monthly magazine CHINA RECONSTRUCTS. Sally has the details.

[Begin Sally Blythe recording] An official of the Nuclear Safety Bureau, writing in the publication, said a serious accident took place at an atomic energy complex in northwestern China. He said a number of workers were injured, and 10 of them suffered from overexposure to radiation. The official also revealed that in another incident 13 years ago, a worker suffered uranium poisoning, and 70 percent of his body was severely burned. The writer added however that the man fully recovered in 8 months. He also spoke of a series of minor incidents during the mid-1950's.

The official explained that most of these nuclear accidents happened during the Cultural Revolution, when scientists were persecuted and technology ridiculed. He assured that there have been no acute cases of radiation sickness or large-scale radiation leaks. He said China's nuclear safety program is one of the most advanced in the world, and is given top priority, especially since Chernobyl.

PLANNING FOR CPC CENTRAL COMMITTEE PLENUM BEGINS

HK070715 Hong Kong SOUTH CHINA MORNING POST in English 7 Aug 86 p 6

[Text] A preparatory meeting for a plenary session of the Central Committee of the Communist Party is underway at a seaside resort near Beijing.

For the past few days, top party leaders have been arriving at Beidaihe, their traditional summer meeting place.

It is believed they may also use this occasion to discuss the offer by Soviet leader Mr Mikhail Gorbachev for improved Sino-Soviet ties.

On Tuesday, dispatches of the NEW CHINA NEWS AGENCY from the summer resort reported Mr Deng Xiaoping, chairman of the party's Central Advisory Commission, and Mr Hu Yaobang, party's general secretary, meeting a Japanese visitor.

In his meeting with Mr Susumu Nikaido, senior adviser to Japan's ruling Liberal Democratic Party, Mr Deng said Mr Gorbachev's proposal contained "positive elements" but China needed to study it carefully.

On the same day, Mr Peng Zhen, chairman of the Standing Committee of the National People's Congress and Politburo member, and Mr Hu Qili, Politburo and Secretariat member met visitors from Turkey.

Premier Zhao Ziyang had also been in Beidaihe. On Sunday, he went to Beijing to attend the memorial meeting for Mr Deng Jiaxian, the "father" of China's atomic and hydrogen bombs.

On Monday, he returned to the resort to meet a parliamentary delegation from Panama.

Mr Deng, Mr Hu and Mr Zhao are members of the Standing Committee of the party's Politburo, while Mr Peng is a member of the Politburo.

The Politburo Standing Committee comprises two leaders -- state President Li Xiannian and Mr Chen Yun, also secretary of the party's Central Discipline Inspection Commission.

Mr Li has been reported to have fallen ill recently and still in hospital, while Mr Chen is also reportedly in poor health.

Since the preparatory meeting is now underway, it is expected that the Sixth Plenary Session of the 12th Party Central Committee will be held earlier than expected.

MING PAO ON REMOVING INCOMPETENT PRC CADRES

HK060559 Hong Kong MING PAO in Chinese 3 Aug 86 p 6

["Special dispatch from Shanghai": "Shanghai SHEHUI BAO Reveals New Problem in Replacing Old Leaders With New: Incompetents Can Hardly Be Removed From Their Posts"]

[Text] In recent years, in order to make the cadres "more revolutionary, younger in average age, better educated, and more professionally competent," China's party and government organs, enterprises, and institutions at various levels have reorganized their leading bodies by promoting many new young and middle-aged cadres to leading posts. However, it is "easy to promote people to leading posts" but "never easy to remove people from their posts." These units encountered great difficulties in their attempt to remove incompetent cadres from leading posts.

A survey conducted by Shanghai's SHEHUI BAO at the organization and personnel sections of 110 bureau-level units in the municipality reveal that of the young and middle-aged bureau-level and office-level cadres promoted since 1983, 4 percent are imcompetent; that according to 140 bureau-level party secretaries and leading cadres in charge of organizations and personnel sections, respectively, 6.6 percent of the young and middle-aged bureau-level and office-level cadres are incompetent; and that of the 509 young and middle-aged leading cadres, 8.6 percent feel they are unfit for their jobs.

However, it is extremely difficult to remove these incompetent and ill-adjusted young and middle-aged cadres from their leading posts. According to SHEHUI BAO, there are four main reasons:

1) Under the influence of old concepts and old habits, people resist. Of the cadres who feel pressure after being removed from various posts, 59 percent suffer from pressure as a result of old concepts. [paragraph continues]

One such concept is that "people who are removed from leading posts must have made mistakes." In feudal Chinese society, which lasted several thousand years, the influence of such things as family status, official or political careers, and privileges was such that it reinforced people's desire to become and remain officials. All this puts immense and profound pressure on leading cadres and makes "dismissal of these people difficult."

2) Worries about an end to their domination of various professions. Of the 236 cadres investigated who have technical professional titles, 60.2 percent would feel pressure and difficulties if they are removed from office; of this group 36.4 percent indicated that the source of the pressure and the difficulties they would feel is their concern that they will gradually lose the advantage they enjoy because of their technical or professional skills after they take to compete with those employed in technical or specialized professions.

3) Immediate economic interests. One of the reasons why it is so difficult to remove cadres from various posts is that they will suffer economic losses -- 60.9 percent frankly indicated this. The wage reforms recently carried out by party and government organs and various enterprises and institutions require that position-based salaries be paid for the purpose of combining responsibilities, power, and benefits, thus giving expression to the principle of "distribution according to work." However, since there is a difference between the position-based salaries reveived by leading cadres and those received by ordinary cadres, if one's salary decreases with demotions, considerations about one's income can lead to resistance.

4) The nonexistence of systems [as published] is a key problem. The practice of "welcoming promotion but not demotions" will gradually change as more and more people "accept both promotions and demotions." However, at present, there is neither a system nor a single regulation which requires that incompetent cadres be demoted. In addition well-defined professional titles and standards of competence are non-existent. Thus, the problem of "having difficulty removing cadres from their posts" has become one of the most serious problems in the work concerning cadres.

CRACK DOWN ON SENIOR CADRE CHILDREN SLOWS

HK060429 Hong Kong SOUTH CHINA MORNING POST in English 6 Aug 86 p 7

[By Terry Cheng]

[Text] China's "hitting tigers" drive to crack down on crimes committed by children of senior cadres is losing momentum.

The drive was launched early this year by top Communist Party leaders and has resulted in the children of several very senior officials being arrested for offences ranging from sexual abuse to economic crimes.

They include a child of Mr Peng Zhen, chairman of the Standing Committee of the National People's Congress, the son of Mr Hu Qiaomu, the party's top theoretician and member of the Politburo, former son-in-law of Marshal Ye Jianying, daughters of former navy commander, General Ye Fei, and General Xiao Jinguang.

However, some of the rumours have been proved to be untrue. They include those against Mr Hu Deping, son of the Party's General Secretary Hu Yaobang, and Mr Zhao Dajun, son of Premier Zhao Ziyang.

The junior Mr Hu has been made secretary-general of the United Front Work Department of the party, and Mr Zhao works for an oil company in the Shenzhen Special Economic Zone.

In January, top leader Mr Deng Xiaoping talked about the need to settle criminal cases swiftly. Two days later, Politburo and Secretariat member Mr Hu Qili said corrupt senior officials and their children found guilty of serious offences would face the death penalty.

In February, sons of three senior officials in Shanghai were executed for raping women. The officials included Mr Hu Lijiao, a deputy party secretary and the chairman of the Standing Committee of the Municipal People's Congress, and Mr Chen Qiwu, the deputy propaganda chief of the Municipal Party Committee.

The drive became a hot topic at the time, but in March a brake was applied and the press was asked not to sensationalise the cases.

The main reason, according to sources, was that extensive publicity threatened to damage the reputation of the party and its leadership.

Since then, a number of less senior corrupt officials have been arrested and punished.

The press has played down reports of criminal involvement of children of very senior cadres.

Those favouring "hitting tigers" are concerned that if the drive is pushed too far it may backfire.

Before the rule of law is firmly established in China, prompt and fair punishment of senior officials and their children will not always be carried out.

GORBACHEV PROPOSES, TWICE, SOVIET-PRC SUMMIT

HK070637 Hong Kong SOUTH CHINA MORNING POST in English 7 Aug 86 p 1

["Exclusive" by David Chen]

[Text] The Soviet leader, Mr Mikhail Gorbachev, has twice proposed summit talks with China over the last six months -- but China has twice turned him down.

Reliable sources, who confirmed this yesterday, indicated that Mr Gorbachev's July 28 speech at Vladivostok which made friendly overtures to the region was aimed almost solely at China.

The first proposal for summit talks was made in February and the second some time in June, about a month before Mr Gorbachev's olive branch was offered to Beijing.

Although China has refused the offer of a summit, it has reacted "fairly positively" to the Vladivostok speeck, analysts said.

China's reply to Mr Gorbachev, who offered to withdraw 6,000 soldiers in Afghanistan and introduce a "balanced reduction" of troop deployment along the Sino-Soviet border, has been delivered in three stages.

The first was mere report without commentary in the media. The second was last Wednesday, when a Foreign Ministry spokesman said China was studying Mr Gorbachev's speech.

The third was yesterday, when China's top leader Mr Deng Xiaoping was reported as saying Mr Gorbachev's offer contained "positive elements."

Analysts interpreted Mr Dengs remarks, made at a meeting with the senior adviser to Japan's ruling Liberal Democratic Party, Mr Susumo Nikaido, as meaning that China at least saw merits in Mr Gorbachev's offer to open renewed negotiations for improvement of Sino-Soviet ties.

Reliable sources also disclosed that Vice-Premier Li Peng, who once studied in the Soviet Union and who has been regarded as the most likely successor to Mr Zhao Ziyang as Prime Minister, spent two nights in Moscow.

Mr Li, who was completing a European trip in September, was received by Mr Gorbachev.

But he was reprimanded by Mr Deng when he returned home for accepting the invitation to Moscow without seeking approval from headquarters.

Sources said when Mr Gorbachev made the proposal to China, he did not specify who he would talk to, but obviously it would be either Mr Deng or the Chinese party's General Secretary, Mr Hu Yaobang.

China's reply on both occasions was no. Beijing insists that three major obstacles are in the way for normalisation of relations between the two communist countries:

Massive Soviet troop deployment along Sino-Soviet border.

Soviet occupation of Afghanistan.

Soviet encouragement of continued Vietnamese occupation of Cambodia.

Of the three, China considers the Vietnamese presence in Cambodia as the primary obstacle. Without any concrete move by the Soviet Union on the three, summit talks would be pointless.

China also told the Soviet Union that the summit talks proposed by Mr Gorbachev were too hasty -- Mr Gorbachev suggested the talks take place within a month or two -- as China believed any summit meeting should be preceded by advanced preparations.

Within a month of China's rejection of the second summit proposal, Mr Gorbachev travelled to Vladivostok, a city which was once Chinese territory and is now Russia's main Far East military base, and made his important speech.

The Soviet leader only touched on two of the three "obstacles" -- Afghanistan and border troops -- and analysts believe his omission of Vietnam could mean that the issue is too sensitive to the Soviet Union which has bases at Cam Ranh Bay and Da Nang.

PRC-USSR EXCHANGE ON SINO-SOVIET RELATIONS

HK070117 Hong Kong TA KUNG PAO in Chinese 7 Aug 86 p 1

["Special Dispatch" from Correspondent Kung Shuang-yin: "Foreign Ministry Spokesman Gives Answers to Soviet Reports' Questions"]

[Text] Beijing, 6 Aug -- Yu Zhizhong, deputy head of the PRC Foreign Ministry information department, said when answering an IZVESTIYA Beijing reporter at the press briefing in Beijing today, we have taken notice of the speech made by CPSU General Secretary Gorbachev on 28 July. We feel that he said something new on improving Sino-Soviet relations that had not been said before, and we are studying the speech.

The following is the text of the passage on Sino-Soviet relations:

IZVESTIYA reporter: Gorbachev recently made a number of proposals regarding Sino-Soviet relations. First, the Soviet Union is prepared to discuss with China at any time and any level the question of good-neighborly relations; and second, the question of how the Soviet Union and China can make common use of the Amur River resources; third, cooperation between the Soviet Union and China in space, including the training of astronauts. How does China react to this?

Answer: You have asked several questions I can only answer one at a time. We have taken notice of the speech made by Gorbachev on 28 July. We feel that he said something new on improving Sino-Soviet relations that had not been said before, and we are studying the speech.

As for the question of dialogue, China and the Soviet Union have already had dialogue at a certain level. The question is that the dialogue must be serious and must make substantive progress. On the question of using the hydraulic resources of the Heilong Jiang, experts from the relevant departments of the two countries exchanged views not long ago on the comprehensive use of these resources, and the two sides are currently formulating corresponding agreements on the issue. On the question of cooperation in space, that proposal remains to be studied.

Voice of America reporter: Can you comment on Gorbachev's remarks on Soviet troop reductions in Mongolia?

Answer: We have taken notice of this Soviet indication.

TASS reporter: Can you comment on Gorbachev's proposal regarding Asian security?

Answer: Are you referring to an Asia-Pacific conference?

TASS reporter: Yes.

Answer: We hold that to guarantee security in the Asia-Pacific region, it is essential, first of all, to take concrete action by greatly reducing missiles and nuclear weapons already deployed, easing the tension in the region, and removing the hot spots of Afghanistan and Cambodia.

Question: Does this mean that after the Soviet Union reduces the nuclear weapons it has deployed in the region and cools down these two hot spots, China will then consider holding such a conference?

Answer: Those are the matters I am talking about. How you interpret it is your affair.

Question: Has there been any progress on an exchange of visits between the Chinese and Soviet foreign ministers?

Answer: The dates for such an exchange of visits still have to be agreed upon. I do not think there will be any problem regarding the routine meetings between the two foreign ministers during the UN session.

TA KUNG PAO EXAMINES SINO-SOVIET RELATIONS

HK070737 Hong Kong TA KUNG PAO in English 7-13 Aug 86 p 2

["The Past Week" column]

[Text] Moscow-Beijing

With two fashion shows a day heavily inspired by La Derniere Mode of Paris and West Europe, and complete with assorted home appliances, even microcomputers and earth satellites, the recent economic and trade fair put on by Beijing in Moscow must have done something to remove the foolish curtain of ignorance that was drawn between the two countries more than two decades ago.

Sparked by the sudden withdrawal of thousands of Soviet experts then working on hundreds of vital projects in the early sixties plus Moscow's demand for China to repay its debt of 1.4 billion rubles, the deep freeze of Sino-Soviet relations had once reduced trade between the two countries to a figure not worth mentioning. In other ways, the barriers and the lack of understanding and misunderstanding had even on occasion erupted into military confrontation.

Although not the first socialist country to experiment with economic reforms, China's success in implementing the open-door policy and sweeping restructuring of the domestic economy in recent years has given a push to similar efforts in other socialist countries. Surely, the Chinese agricultural reform should be a source of inspiration to a victim of successive crop failures like the Soviet Union.

In his well-known speech delivered in the Soviet Pacific port of Vladivostok on 28 July, Mr Gorbachev declared that an equation can be drawn between reform and revolution. He also observed that the Soviet reform should not be confined to the realm of economies, but should also cover the political setup, society and the leadership system.

Lashing out at 'scholasticism' and Marxist dogmas, the Soviet leaders' advice for the Soviet people was that they should not let these things 'blur the vision of their forward march'.

Such themes certainly sound familiar to the Chinese.

The Mid-East Tour of Mr Bush

U.S. Vice-President George Bush is not in a hurry to announce his 1988 candidacy. Although Mr Bush feels confident enough to wait, it may be that the vice-president needs more positive things to talk about when the time comes. All this could be at the back of his recent effort to breathe some new life into the stalled Middle East peace initiatives.

The U.S. vice-president's recent 11-day Middle East tour covered Israel, Jordan, and Egypt. While in Israel, he said that a face-to-face meeting between King Husayn of Jordan and Israeli Prime Minister Shimon Peres would be a logical next step.

Mr Bush was also reported to have delivered a personal message from the Israeli prime minister to King Husayn which suggested that the 'logical next step' was not objectionable to Mr Peres.

The 'logical next step', however, was immediately rebuffed by King Husayn who renewed his own proposal for peace talks under the auspices of an international conference in which all parties concerned would attend. These include the PLO as well as the five permanent members of the UN Security Council.

To this Mr Bush replied that a large conference would probably be unwieldy.

So here the matter stands and it doesn't look likely that the suave U.S. vice-president can persuade the Jordanian monarch to change his mind in spite of their personal 'very warm relationship that goes back many, many years'.

In fact, consensus in Amman was starkly at odds with what Mr Bush has in mind. Said the English-language JORDAN TIMES on the day be arrived: 'Washington should stop beating the dead horse of direct talks between this or that Arab party and Israel.'

The crux of the impasse is still whether the PLO is represented in any peace move designed to defuse the persistent unrest in this part of the world.

Even King Husayn, who last month slammed the doors on 25 of Yasir 'Arafat's Palestine Liberation Organization offices in Amman, recognizes and is still deeply aware of this.

The tensions between Husayn and 'Arafat began six months ago when the King publicly blamed the PLO chairman for the breakdown of his peace initiatives. According to Husayn, 'Arafat had backed down at the last minute from a pledge to accept UN Resolutions 242 and 338, which implicitly recognize Israel's right to exist, as the basis for negotiations with Israel.

In exchange for PLO recognition of the UN resolutions, Mr 'Arafat demanded acknowledgement by the U.S. of the Palestinians right to self-determination. But this was viewed by Jordan and the U.S. as a matter for negotiation rather than a precondition.

In connection with his proposed 'logical next step', Mr Bush also made the starting statement that, provided the PLO recognized Israel, Washington would be ready to hold talks with the battered PLO.

This statement marked a striking departure from Washington's longstanding policy of viewing the PLO as a terrorist organization which it refused to recognize, much less to engage in direct dialogue.

Although official Israeli response to this change of the U.S. posture remains to be seen, the upbeat statements made by Mr Bush after his talks with Peres indicate that the latter was probably persuaded to view the change in a favourable light.

But this might change following the change in Israeli leadership in October under a coalition rotation formula devised after the last election. By then, leader of the Likud bloc, Yitzhak Shamir, will succeed Shimon Peres as prime minister.

Given the tangled nature of the Mid-East deadlock, it would seem expedient for both sides, with the U.S. and Israel on one hand, and the PLO and Arab nations on the other, to revise at least some of the policies they have hitherto so vehemently pursued. Needless to say, the PLO's persistent policy of refusing to recognize the existence of Israel is hardly a realistic one.

Beijing has so far expressed no objection to the international conference proposed by King Hussayn.

DENG XIAOPING SPEAKS ON STRUCTURE REFORM

HK080243 Hong Kong TA KUNG PAO in Chinese 8 Aug 86 p 2

[Special Dispatch": "Deng Xiaoping Discusses Political Structural Reform"]

[Text] Beijing, 7 Aug -- Deng Xiaoping, chairman of the central Advisory Commission of the CPC, recently pointed out that the the CPC Central Committee should take the lead in not interfering too much. He also suggested that the Secretariat of the CPC Central Committee should consider the question of reforming the political structure. ZUZHI RENSHI XINXI BAO (ORGANIZATION AND PERSONNEL NEWS) has disclosed some of the contents of Deng Xiaoping's speech.

Deng said: Since the 3d Plenum of the 11th CPC Central Committee, we have put forward the question of separating the party from the government. The party should be good at leadership. It should not interfere too much, and the CPC Central Committee should take the lead. Advancing this argument will not weaken the leadership of the party. The question is whether the party is good at leadership. [paragraph continues]

If the party interferes too much, it will weaken the leadership of the party. The problem perhaps lies here. When I called together Zhao Ziyang and some other comrades to discuss economic work some time ago I made one suggestion, namely, it is necessary to pay attention to reform of the political structure, which also includes this question. Naturally, there are also other problems, such as unwieldy and overstaffed organizations and dilatory workstyle. Since some units have many people, they find things to do. That is why many units take back the power from the lower levels in the form of companies. We advocate decentralizing power but they take it back. When Comrade Peng Zhen went to some units at the lower levels, he was also aware of this problem. Our principle is to continue decentralizing power but they are taking back most of it. As a result, the units at the lower levels do not have any power. There is a reason for this. I think all comrades, and particularly comrades in the Secretariat, should consider the question of reforming the political structure. Whether all our reforms will eventually be successful will still depend on political structure reform. This is because we must have people to handle affairs. What can you do if you advocate decentralizing power but he takes it back? The political structure reform and economic structure reform should rely on and coordinate with each other. If we merely restructure the economy without reforming the political structure, it will be impossible to properly carry out reform of the economic structure because we shall first encounter human obstacles.

WEN WEI PO VIEWS DEMOCRATIZATION IN PRC

HK071003 Hong Kong WEN WEI PO in Chinese 1 Aug 86 p 21

["Exploration" Column: "Reform To Develop Democracy in China"]

[Text] The magazine ZHONGGUO SHEHUI KEXUE [CHINESE SOCIAL SCIENCES] -- held an academic symposium on "Political Structural Reform in a Socialist Country" between 28 and 29 April 1986. Famous political and legal scholars and some young theorists in Beijing, totaling more than 20 people, attended the symposium. They heatedly discussed various questions concerning political structural reform at the meeting. Their opinions are summarized as follows:

Since the 3d Plenary Session of the 11th CPC Central Committee, especially since Comrade Deng Xiaoping clearly put forth the issue of reforming the party and state leadership system, some gratifying changes have occurred in our country's political life. On the basis of criticizing the ultra-leftist line and setting things in all fields to rights, the party and state have adopted a series of measures to develop socialist democracy and strengthen the socialist legal system.

What position should the political structural reform hold in the all-round reforms? How does it relate to the economic structural reform? These questions are related to our understanding and assessment of the scale and essence of our country's current reform.

The participants held that our country's current reform is a great practice of building socialism with Chinese characteristics, and is a revolution that leads to the self-improvement and continuous development of the socialist system. As Comrade Deng Xiaoping pointed out, the reform should be a "comprehensive" one. Therefore, some comrades put forward the concept of "all-embracing reform." [paragraph continues]

They held that it is completely necessary to use a planned commodity economy to shake the rigid economic and political structures in the initial stage of the reform; however, the comprehensive reform should go far beyond the scope of the economic structural reform. Reform in a socialist country should include reform of the economic, political, legal, social, cultural, educational, scientific, and technological systems and structures. That is to say, the reform should be "all-embracing." This is also the case with modernization. Not only should industry, agriculture, science and technology, and national defense be modernized, but politics, education, culture, lifestyle, and even thinking methods and outlook should all be modernized. We should not think that as long as the economic structural reform succeeds, the political structural reform and reform in other fields will naturally be accomplished. As a matter of fact, without corresponding political reform, it is impossible to accomplish economic reform.

Some people at the symposium proved the necessity of political structural reform from the angle of the regularity of the development of the state. They said that political structural reform is not only required by economic reforms, but is also required by the development of the socialist political system itself. There are certain objective laws governing the emergence, development, and withering away of the state. The Marxist classical writers have already fully expounded on the emergence of state. They held that the state is a historical product when class contradictions cannot be conciliated. After society develops to the stage of socialism, there will be no classes, and it is untenable in theory to continue to regard the state simply as a tool of the ruling of one class over other classes. Therefore, the functions of a socialist state should be changed from class functions into social functions, and the state management should be changed from a direct mode into an indirect mode. That is, management should be democratized and socialized. The development of state management can be divided into stages: Centralized management is the first stage; democratic participation is the second stage; and the people's autonomy is the third stage. Therefore, political structural reform is a need when the socialist political system develops to a higher and sounder stage.

FBIS

DAILY REPORT

CONTENTS

China

Vol I No 154 11 August 1986

PRC INTERNATIONAL AFFAIRS

UNITED STATES

RENMIN RIBAO Views U.S. 'Dollar Weapon' [5 Aug] B 1
Reagan's Anti-Drug Campaign Examined [RENMIN RIBAO 7 Aug] B 2

SOVIET UNION

Soviets Propose Nuclear Facility Supply to PRC [KYODO] C 1
Chinese Economic and Trade Fair in Moscow Lauded C 1
  TASS Comments C 1
  IZVESTIYA Reports C 1
  Ryzhkov Visits Exhibits C 2
USSR To Publish Chinese Literary Series C 3
USSR To Conduct Missile Tests in Pacific C 3

NORTHEAST ASIA

Liu Shuqing Reported in Mongolia for Talks D 1
  Consular Treaty Signed D 1
PRC Trade Fair in Tokyo Closes 10 August D 2
Patent Office Signs Agreement With Japan [CHINA DAILY 9 Aug] D 2
Mass Meeting in Nanjing Welcomes DPRK Delegation D 3

SOUTHEAST ASIA & PACIFIC

XINHUA Denies PRC Floating Mines Down SRV Rivers E 1
  Foreign Ministry Dismisses Claim [AFP] E 1
Zhao Ziyang Congratulates Prem on Reappointment E 2
Wan Li Meets Hong Kong, Macao Press Delegations E 2
DK Envoy to PRC Interviewed by RENMIN RIBAO E 2
NPC Vice Chairman Huang Hua Meets Australians E 3

WESTERN EUROPE

NEW CHINA QUARTERLY Urges Increased PRC-EEC Trade G 1
France To Train Daya Bay Technical Personnel G 1
Turkish Friendship Delegation Continues Visit G 2
  Visits Xinjiang G 2
  Feted in Heilongjiang G 2

EASTERN EUROPE

Chen Muhua Meets Hungarian Economic Delegation H 1
Wang Bingqian Meets Czechoslovak Visitors H 1
Wang Zhaoguo Meets Romanian Party Activists H 1

WESTERN HEMISPHERE

PRC Minister Calls for More Imports by Canada [AFP] J 1
PRC Minister at Colombian President's Inaugural J 1
    Delegation Meets President J 2
Panamanian Assembly Delegation Ends Visit J 2

PRC NATIONAL AFFAIRS

Daya Bay Strictly Selects Operating Personnel K 1
Yu Qiuli Proposes 'Eight Prohibitions' for PLA K 1
PLA Institutes New Recruit Training System K 2
PLA-Owned Factories To Exhibit Civilian Goods K 3
JIEFANGJUN BAO Holds Military Management Forum [9 Aug] K 3
RENMIN RIBAO Reports on Ways of Educating People [2 Aug] K 3
Socialist Democracy Develops Along With Reforms [GUANGMING RIBAO 27 Jul] K 4
LIAOWANG Stresses Developing Socialist Democracy K 7
Reform and the 'Disease of Infallibility' [RENMIN RIBAO 1 Aug] K 8
CHINA DAILY Commentator on Political Reform [9 Aug] K 9
JINGJI RIBAO on Plant Director Responsibility [30 Jul] K 10
GUANGMING RIBAO on Dual Character of Labor [26 Jul] K 13
Zhao Ziyang Extols Shantou Special Zone [LIAOWANG OVERSEAS EDITION 4 Aug] K 14
JINGJI RIBAO Advocates Bankruptcy System [2 Aug] K 18
RENMIN RIBAO on Enterprise Decision-Making Powers [8 Aug] K 19
State Council Sets Up Land Administration Bureau K 21
Contract Labor Regulations Slated for this Year K 21
Bonds Issued for Enterprise Development K 21

PRC REGIONAL AFFAIRS

EAST REGION

Anhui Governor Speaks at Harvest Meeting O 1
Fujian Conducts Village-Level Rectification O 1
Shanghai Exchange Bank Supports Joint Ventures O 1
Shanghai's Jiang Zemin on Foreign Investment Use [JIEFANG RIBAO 5 Aug] O 3

CENTRAL-SOUTH REGION

Guangdong Sends Liaison Personnel to Rural Areas P 1
Shenzhen Mayor on Zone's Economic Transition P 1
Henan Cadres Urged Not To Relax Rectification Work [HENAN RIBAO 29 Jul] P 2
Hubei Leader Urges Cracking Down on Economic Crimes P 3
Wuhan Government Warns Enterprises on Bankruptcy P 4
Hubei CPC Secretary Praises New Commercial Form P 4

SOUTHWEST REGION

Sichuan Cadres Going to Grass Roots Hold Meeting Q 1
Xizang's Wu Jinghua Meets Party School Graduates Q 1
Wu Jinghua Meets Workers of Lhasa Hotel Q 2

NORTH REGION

Beijing Advisory Commission Chairman Elected R 1
Shanxi Governor Stresses Economic Reforms R 1

NORTHEAST REGION

Heilongjiang's Sun Weiben Meets Newspaper Editors S 1
Jilin City Suffers From Severe Flood Damage S 1
    Gao Di Inspects Flooding S 2
Liaoning Capital Factory Declares Bankruptcy S 2

NORTHWEST REGION

Lanzhou Military Region Holds Army Day Parade T 1
Lanzhou PLA Uses Simulation Equipment in War Game T 1
Song Hanliang Welcomes Athletes to Xinjiang T 1

TAIWAN

Chiang Ching-kuo Said To Send Note To PRC's Deng [KYODO] V 1
Pentagon Announces Plans for Arms Sales to Taiwan V 1
Official Outlines Terms for Hong Kong Resettlement [SUNDAY STANDARD 10 Aug] V 1

HONG KONG MEDIA ON CHINA

CPC Central Leaders Meet in Beidaihe Resort [WEN WEI PO 8 Aug] W 1
Column Views PRC-Mongolia Treaty, Soviet Troops [HSIN WAN PAO 10 Aug] W 3
PRC To Fight Hong Kong Dollar Circulation [HONGKONG STANDARD 9 Aug] W 4
Hong Kong Basic Law Committee Schedule Advanced [HONGKONG STANDARD 11 Aug] W 5
Beijing Mayor To Head PRC Delegation to Moscow [HSIN WAN PAO 11 Aug] W 6

RENMIN RIBAO VIEWS U.S. 'DOLLAR WEAPON'

HK070659 Beijing RENMIN RIBAO in Chinese 5 Aug 86 p 7

["Economic Jottings" by Zhang Liang: "The United States Wields Its 'Dollar Weapon'"]

[Text] Recently, there has been a noteworthy trend in U.S. economic policy on Western countries; that is, it actively urged West Germany and Japan to adopt measures such as lowering of interest rates and tariff rates in order to stimulate economic expansion and increase the import of U.S. goods. If refused, the U.S. would use means such as cutting interest rates in order to instigate the continued decline of the U.S. dollar. The American magazine NEWSWEEK has described Washington's move as "wielding the U.S. dollar weapon".

It all began with a secret meeting between the U.S. Federal Reserve Board Chairman Volker and his West German counterpart in early July. During that meeting, the United States urged West Germany to take concerted action to lower interest rates but was rejected by West Germany. After Volker returned from Bonn to the United States empty-handed, some top officials of the Reagan administration issued successive warnings, saying that a "currency war" would be launched against Western allies. Confronted with enormous pressure from the United States, West Germany did not relent, but clearly indicated that to ask West Germans to expand the economy or adopt short term measures to stimulate the economy is "groundless, impossible and irrational". On the contrary, it pointed out that the fundamental reason for weak U.S. economic growth lies in the United States itself. It is caused by Washington's huge budget deficits and not by the policies of foreign countries. Japan also resisted similar American demands.

At present, the reason the United States adopted a hardline attitude is entirely out of concern for its own economic interests. In the first half of 1986, under the favorable conditions provided by the sharp drop in oil prices, and a decline in interest rates as well as U.S. currency exchange rates, the U.S. economy nonetheless picked up only slightly, with growth at 2.4 percent, far below the Reagan administration's projection. Several economists blamed the slow economic growth mainly on the enormous rising trade deficits (it has been estimated that the figure will reach a high of $160-170 billion this year). It is in precisely such a setting that Washington anxiously wields its "dollar weapon" to pressure West Germany and Japan to stimulate their economies, expand their imports and reduce their trade surplus with the United States so that the U.S. economy could be revitalized and a new recession be prevented.

Evidently, the U.S. hardline attitude put West Germany and Japan in a spot. If stimulating measures are adopted, there is a worry that they might spur inflation. If the U.S. demands are rejected, there is fear that the dollar would continue to drop sharply, and thus affect the export trade. However, whether the "wielding of the dollar weapon" by the United States could be effective is still hard to say.

REAGAN'S ANTI-DRUG CAMPAIGN EXAMINED

HK080633 Beijing RENMIN RIBAO in Chinese 7 Aug 86 p 6

["Jottings" by Liu Ban: "Reagan Launches an 'Anti-Drug War'"]

[Text] THis week, President Ronald Reagan will launch a "nationwide anti-drug campaign." makes him launch a nationwide campaign? This is because drug abuse has become like a disastrous flood in the country, even though it is strictly forbidden. According to statistics, 60 percent of world drugs are sold in the United States; there are nearly 30 million "drug users" in the country; 80 percent of Americans have "tasted drugs" when they were between 20 and 30 years old; and every year the drug trade tops U.S. $100 billion, exceeding the trade in any kind of farm product. In a recent interview with NEWSWEEK correspondents it is no wonder Ronald Reagan cried out in alarm: "Drugs are the No 1 problem in the United States."

To eradicate drugs in the past, the United States made efforts to "shut off sources" and its main thrust was made at the supply side of the drug trade by strengthening border patrols, arresting and jailing drug dealers and imposing strict penalties. It also checked drug smugglers with electronic devices at borders and even set troops to mop up drug bases in Bolivia. The efforts made to battle drugs are really painstaking, but they produce very little effect. Not long ago, two members of the House of Representatives disguised themselves as "drug dealers" on the streets of New York; as long as they made a gesture, a "bargain" was immediately struck. From this we can see how drug abuse runs wild in the United States.

At this time, Reagan attempts to attack the drug problem from a new angle: The demand side. He will combine the methods of moral persuasion, education and drug testing for key government workers in an attempt to zero in on the demand side. Reagan said: "It is my firm belief that the answer to the drug problem comes through winning over the users to the point where we take the customers away from the drugs."

However, in the "free world" like the United States, the problem is not easily solved. On this, a magazine commented: "The President's plan is sure to be attacked on all sides -- for going too far and not going far enough." Even Reagan's aides have had trouble agreeing on a strategy. Some want to "enforce mandatory testing," but others say that "this treads heavily on personal privacy and civil liberties." Some even call for the "death penalty" for drug dealers. A critic put it well when he said: "There is clearly no magic solution, and the task will not be done overnight."

It seems that Reagan's drug-eradication program is a formidable task. However, many people hope that the new President-led crusade against drug abuse will yield results. If it does so, the United States will be very fortunate indeed.

SOVIETS PROPOSE NUCLEAR FACILITY SUPPLY TO PRC

OW101043 Tokyo KYODO in English 1034 GMT 10 Aug 86

[Text] Beijing, Aug. 10 KYODO -- The Soviet Union has proposed the export of its nuclear power generating facilities to China, Eastern bloc sources said here Sunday. Whether China has already made a decision on the introduction of the Soviet-made facilities remains unknown. But the sources said that China is very interested in the Soviet proposal and that the two countries have agreed to continue discussions on cooperation in nuclear power generation.

According to the sources, the Soviet proposal was made when a Chinese delegation visited the Soviet Union between June and July to study atomic power generating facilities at various locations and exchange views on bilateral cooperation in nuclear energy. The visit of the delegation, headed by Huang Yicheng, vice minister of the State Planning Commission, was said to have been proposed by the Soviet Union in March when the two countries held a meeting in Beijing on bilateral cooperation in the areas of economic, trade and science and technology. The sources said that the Chinese delegation was briefed by Soviet officials on the April 26 Chernobyl nuclear plant accident in the Ukraine.

CHINESE ECONOMIC AND TRADE FAIR IN MOSCOW LAUDED

TASS Comments

OW090556 Beijing XINHUA in English 0543 GMT 9 Aug 86

[Text] Moscow, August 8 (XINHUA) -- The Soviet official news agency TASS today lauded the Chinese economic and trade exhibition in Moscow as an "exceptional success" since its opening July 25. TASS said the exhibition, the first of its kind in 33 years, is "a testimony to the improvement in the relations between two countries." Nearly 250,000 Soviets have visited the fair, TASS said.

TASS quoted a visitor as saying, "Our friendship is being restored and I'm glad to see the fresh achievements made by the industrious Chinese people." An engineer from Kiev was also quoted as saying that he hopes to see "more Chinese goods in our shops." The TASS story lauded the variety of goods displayed at the exhibition, including electronic computers, silk products, vacuum flasks, machine tools, tea sets and television sets.

Valentin Porfirjev, an official at the Soviet Trade Center, told TASS that the exhibition has displayed the great potential of China's exports. He said Soviet foreign trade departments are particularly interested in Chinese electronic technology, medical instruments and daily utensils, and have started business talks with their Chinese counterparts at the exhibition.

IZVESTIYA Report

OW080735 Beijing XINHUA Domestic Service in Chinese 0750 GMT 6 Aug 86

[Text] Moscow, 5 Aug (XINHUA) -- The Soviet paper IZVESTIYA this evening published a report, entitled "Our Guest - China," praising the Chinese economic and trade exhibition being held here as a reflection of the achievements in China's modernization efforts.

The report said: Despite the numerous items on display, the whole exhibition looks simple and neat, embodying the famous oriental principle that "to be superfluous is to be ugly." This is attributable to the hard efforts spent by the Chinese artists and art designers. Many of the exhibits, including those of numerically controlled machine tools, models of space rockets and satellites, color television sets, and radios, leave an unforgettable impression on the visitors, and in particular a computer-operated sewing machine is a novelty to them. Chinese silk fabrics, which account for 40 percent of the world's total silk export, are also drawing great attention. Many people are attracted by the unique charm of such exhibits as ivory and stone carvings and pictures made of feathers and shells, all of which have an age-old tradition.

The report said that in the last few years the PRC has made considerable achievements in economic construction, and that the Soviet people are seeing at Sokolnikiy Park the fruitful results of the work done by the industrious and intelligent Chinese people for the modernization of their country.

Ryzhkov Visits Exhibits

OW100618 Beijing in Russian to the USSR 1800 GMT 7 Aug 86

["Correspondent's report" from Moscow on the visit by N. Ryzhkov, Chairman of the USSR Council of Ministers, to the PRC economic and trade exhibition]

[Text] On 2 August N. Ryzhkov, chairman of the USSR Council of Ministers; Medvedev, secretary of the CPSU Central Committee; and other Soviet leaders, accompanied by Li Zewang, PRC ambassador to the Soviet Union, visited the PRC economic and trade exhibition in Moscow. For more than 1 hour, Chairman Ryzhkov and other honored guests examined in detail all areas of the exhibition and asked questions of the Chinese workers there.

At the State Association of the Shipbuilding Industry of China section, workers told the honored guests that since its founding in 1980, the association has exported 25 different types of ships totaling more than 1.5 million tons to 16 countries and regions. The association has also built 10 offshore oil drilling platforms, exporting 3 of them to foreign countries. Learning that China is capable of building vessels for transporting timber, Chairman Ryzhkov said that in accordance with the Soviet-Chinese trade agreement, the Soviet Union supplies large quantities of timber to China. He said transportation is too slow, and the development of trade in this field can be speeded up if China provides vessels for transporting timber. He said that when Talyzin, first deputy chairman of the USSR Council of Ministers and chairman of the USSR State Planning Committee visits China in September this year, the two countries can discuss this question.

Chairman Ryzhkov, who is a machinebuilding specialist, showed great interest in precision machine tools at the exhibition. Noting that the Chinese machine tools are equipped with programmable controls from Yugoslavia, Japan, and West Germany he inquired about specific forms of cooperative production between China and other countries. When Chinese comrades explained, Chairman Ryzhkov nodded his head.

The products of PRC local and textile industries attracted the attention of the important guest at the exhibition. Chairman Ryzhkov approached the knitwear display and told Chinese comrades that Soviet people like Chinese garments and that every person in the Soviet Union probably has one. He expressed a wish that China export even more textile goods to the Soviet Union.

A Ming Dynasty copper bowl reproduction with four fish on the bottom is on display at the exhibition. The bowl has two handles. When the handles are rubbed with moist palms for a few minutes, a fountain effect and the impression that the fish are playing in the water is produced. The fountain effect is accompanied by pleasant sounds. Nikolay Ryzhkov said with a smile: I have seen the bowl on television. Ryzhkov asked with great interest about the kind of bowl it is. The Chinese comrade explained that it was a recreational and sports tool for emperors in ancient China. The guests found the reproduction remarkable.

Chinese thermos bottles in their original shapes and bright colors aroused even greater interests among the Soviet leaders, who stopped long at that display. Ryzhkov asked for details on the level of mechanization in thermos bottle production in China. Learning that the entire production process has been mechanized, Ryzhkov smiled and said Soviet people became used to Chinese thermos bottles beginning in the 1950's. He suggested building a factory in the Soviet Far East. Chinese Ambassador Li Zewang noted that was a very good suggestion and that it can already be [word indistinct]. Ryzhkov, chairman of the USSR Council of Ministers, said it must produce not just bottles but it must produce bottles as fine as those displayed at the exhibition.

After visiting the exhibition, Ryzhkov, Medvedev, and other Soviet leaders watched a performance by a group of [word indistinct] of the Chinese silk company. Before leaving the exhibition hall, Ryzhkov, chairman of the USSR Council of Ministers, expressed hope to Chinese Ambassador Li Zewang for the further development of friendly relations between the USSR and China in various fields.

USSR TO PUBLISH CHINESE LITERARY SERIES

OW081318 Beijing XINHUA in English 1159 GMT 8 Aug 86

[Text] Moscow, August 8 (XINHUA) -- A Russian translation of Chinese works of literature will be published beginning next year in the Soviet Union. A 40-volume collection of some of China's best literature, including poems and novels, written over the past 3,000 years will be offered by the Moscow publishing house "Literature Works". Each volume will be illustrated with reproductions of famous Chinese paintings.

The first volume comprises "The Book of Songs", China's earliest collection of poems and songs compiled during the "spring and autumn period" (770-476 B.C.), and works by Tao Yuanming, a great poet of the Eastern Jin Dynasty (A.D. 317-420). Half of the series will be classical works, some of which will be translated into Russian for the first time. The contemporary part will begin with the writing of Lu Xun (1881-1936). The 40-volume set should be completed in 10 years, and 100,000 copies will be printed.

USSR TO CONDUCT MISSILE TESTS IN PACIFIC

OW100106 Beijing XINHUA in English 0048 GMT 10 Aug 86

[Text] Moscow, August 9 (XINHUA) -- The official Soviet news agency TASS reported Saturday that the Soviet Union would conduct missile tests in the Pacific Ocean from August 12 to 22. TASS said the targeted area for the upcoming tests was a 110 nautical mile-radius centred at 15 degrees 30 minutes latitude north and 177 degrees longitude east, roughly 800 kilometers off the Marshall Islands. TASS warned governments of other nations using the waterways and airways in the Pacific to stay away from the targeted area during the test period from 6:00 a.m. to 7:00 p.m.

NORTHEAST ASIA

LIU SHUQING REPORTED IN MONGOLIA FOR TALKS

OW090004 Beijing XINHUA in English 2355 GMT 8 Aug 86

["China, Mongolia Discuss Bilateral Relations" -- XINHUA headline]

[Text] Ulaanbaatar, August 8 (XINHUA) -- Chinese Vice Foreign Minister Liu Shuqing continued talks today with his Mongolian counterpart D. Yondon to discuss bilateral relations and some international issues.

Liu arrived here at the invitation of the Mongolian Ministry of Foreign Affairs yesterday afternoon and had talks with the Mongolian first vice foreign minister immediately afterwards.

At a banquet hosted by Yondon in his honor last evening, both sides expressed wishes to improve relations between the two countries.

Consular Treaty Signed

HK100824 Beijing XINHUA Hong Kong Service in Chinese 0151 GMT 10 Aug 86

[Text] Ulaanbaatar, 10 Aug (XINHUA) -- A consular treaty between the People's Republic of China and the Mongolian People's Republic was signed in Ulaanbaatar, capital of the MPR, on the morning of 9 August.

This is the first consular treaty to be signed between China and Mongolia. The treaty says that China and Mongolia "have decided to conclude a consular treaty based on their desire to develop relations of friendship, cooperation, and good-neighborliness between the two countries, in order to strengthen consular relations and protect the interests of the two countries and their citizens."

Liu Shuqing, PRC vice minister of foreign affairs, who is currently visiting Ulaanbaatar, and Yondon, first vice minister of the Mongolian Ministry of Foreign Affairs, signed the treaty on behalf of their governments.

Following the signing, Mongolian Foreign Minister Dugersuren met with Liu Shuqing. On the same day, Liu Shuqing called on Tsebegmid, vice chairman of the Mongolian Council of Ministers. During these meetings, the two sides expressed their common desire to further develop the good-neighborly relations between the two countries. They also said that the newly-signed consular treaty will contribute to furthering the traditional friendship between the two peoples.

Liu Shuqing arrived in Ulaanbaatar for a friendly visit on 7 August at the invitation of the Mongolian Ministry of Foreign Affairs. During his visit, he had a full exchange of opinions with First Vice Foreign Minister Yondon on developing bilateral relations and on certain international issues of common concern. He also visited some factories, enterprises, and cultural facilities in Ulaanbaatar.

Liu Shuqing and his party left here for home by train on 10 August.

PRC TRADE FAIR IN TOKYO CLOSES 10 AUGUST

OW101608 Beijing XINHUA in English 1559 GMT 10 Aug 86

[Text] Tokyo, August 10 (XINHUA) -- The largest Chinese export product exhibition ever put together closed in Tokyo today after a successful 14-day run.

The exhibition, which opened July 28, featured Chinese export items as well as business seminars and the show gave more than 110 trading firms and industries from China's 24 provinces, cities and autonomous regions ample opportunity to meet with Japanese business people. The exhibition was designed to boost mutual understanding and promote China's exports to Japan.

More than 30,000 people visited the show, including about 1,000 business people from Australia, the United States, Thailand and Malaysia. Approximately 110 million U.S. dollars worth of business was done at the exhibition, including large deals in grain and nonferrous metals.

PATENT OFFICE SIGNS AGREEMENT WITH JAPAN

HK090520 Beijing CHINA DAILY in English 9 Aug 86 p 2

[By staff reporter]

[Text] The Japanese International Cooperation Agency and the Patent Office of China signed an agreement in Beijing yesterday, providing China with the latest medium-sized computer system. Under the four-year pact, 20 Chinese technicians will also be trained in Japan.

The computer system will be installed in Beijing by 1988.

During the co-operative period, the computer will be mainly used for training personnel. Later, it will be used as a patent administration system, Ge Bo, Deputy Director General of the Patent Office of China told CHINA DAILY.

China also intends to establish a data base on world patent documents in Chinese to give technicians and engineers access to advanced world technology more easily, he said.

This is the first patent cooperative project between Japan and China, according to Masaru Umeda, engineer general of the Japanese Patent Office.

The computer would contribute to the establishment of China's automatic retrieving system in the future, he said.

Japan also hoped to co-operate with Chinese counterparts in patent examination and exchange views on protecting patent rights in newly developing industrial fields, he said.

MASS MEETING IN NANJING WELCOMES DPRK DELEGATION

OW081152 Nanjing Jiangsu Provincial Service in Mandarin 2200 GMT 7 Aug 86

[Excerpts] The Jiangsu Provincial CPC Committee held a mass meeting at the People's Theater in Nanjing on 7 August to warmly welcome the delegation of the Workers Party of Korea [WPK] Dangwon Provincial Committee led by Yim Hyong-ku, responsible secretary of the committee. Attending the meeting were Secretary Han Peixin and Deputy Secretary Shen Daren of the provincial party committee; Jiangsu Vice Governor Chen Huanyou; Liu Lin, chairman of the provincial Advisory Committee; He Binghao, vice chairman of the Standing Committee of the provincial Peoples Congress; (Gao Shenghua), deputy secretary of the Nanjing City CPC Committee; and responsible persons of relevant departments and representatives of people of all walks of life, totaling more that 1,000 people. [passage omitted]

Comrade Han Peixin spoke at the meeting. On behalf of the Jiangsu Provincial CPC Committee, the provincial government,and all the people in the province, he extended warm greetings to the visiting responsible secretary of the WPK Kangwon Provincial Committee, Yim Hyong-ku, and all the members of the delegation. Comrade Han Peixin said: Chinese-Korean friendship has a long history. In the protracted struggle against imperialism, our two parties and peoples have supported each other, and fought shoulder to shoulder and shared weal and woe with each other. We are as closely related as lips and teeth. Like other provinces and cities throughout the country, we in Jiangsu attach great importance to strengthening and developing the long-tested Chinese-Korean friendship. With the solicitude of the CPC Central Committee and the WPK Central Committee, Jiangsu Province and Kangwon Province establised fraternal relations in 1984, opening up an even broader vista in further developing cooperation between the two sides.

Later, amid prolonged applause, Yim Hyong-ku, head of the Korean delegation, made a speech. First of all, he thanked the Jiangsu Provincial CPC Committee and the people in the province for the hospitality accorded the Korean delegation. He said: Although Jiangsu and Kangwon are far apart geographically, the peoples of two provinces are close friends. The traditional Korean-Chinese friendship has been further developed and consolidated during the common struggle waged by the peoples of the two countries. Under the leadership of the CPC, the fraternal people of Jiangsu have triumphantly fulfilled the various targets set in the Sixth 5-year Plan and are working hard to fulfill the targets set for the Seventh 5-year Plan and achieve the magnificent goal of quadrupling the total output value of industry and agriculture by the turn of this century. Right now, they have already successfully obtained initial results. We wish to extend to them our sincere congratulations in this regard.

At the meeting, both the Korean and Chinese sides presented each other with souvenirs. After the meeting, literary and art workers from Jiangsu Province and Nanjing City performed dances and acrobatics, receiving warm applause from the audience.

XINHUA DENIES PRC FLOATING MINES DOWN SRV RIVERS

OW081226 Beijing XINHUA in English 1154 GMT 8 Aug 86

["Commentary: Vietnam Is Spreading Anti-China Rumors (by Tang Tianri)" -- XINHUA headline]

[Text] Beijing, August 8 (XINHUA) -- Through its mass media, Vietnam has recently spread rumors that Chinese frontier guards were killing Vietnamese civilians by laying green plastic mines -- marked 625A -- in Vietnamese rivers.

This is pure fabrication and vicious slander against China by the Vietnamese authorities. According to an authoritative source here, China has no such mines, let alone their use by Chinese frontier guards. If there were mines in Vietnamese rivers, they could be only made and laid by the Vietnamese authorities themselves to kill those Vietnamese civilians who had crossed the border to buy daily necessities on the Chinese markets. They then made false charges in their attempts to shift the responsibility for their criminal deeds on to China. The Vietnamese authorities have time and again used such dirty tricks to create anti-China rumors. Their purpose is to divert attention from the people at home and the international community, whip up Vietnamese hostility and hatred against China, cover up their criminal responsibility for carrying out armed provocations on the Vietnam-China border and prepare public opinion for new armed provocations.

According to preliminary statistics, the Vietnamese troops have carried out more than 600 incidents of armed provociations against China along Vietnam-China border and fired 200,000 rounds of shells at Chinese territory, inflicting casualties and losses of property on Chinese border inhabitants.

After all, rumors are rumors. They can only deceive people for a time but never forever. They will explode like soap bubbles in the end.

Foreign Ministry Dismisses Claim

HK111010 Hong Kong AFP in English 0955 GMT 11 Aug 86

[Text] Beijing, Aug 11 (AFP) -- China Monday dismissed as "sheer fabrication" Hanoi's accusations that Chinese troops planted floating mines in Vietnamese rivers.

"The Chinese border guards have never used submarine mines in their counter-attacks in self-defence against the Vietnamese intruders," a Foreign Ministry spokesman said. "It is sheer fabrication."

The official VIETNAM NEWS AGENCY (VNA) charged last week that mines set in Vietnamese rivers by Chinese troops had killed 30 Vietnamese civilians and wounded 60 between May and December last year, and that such mines were still being used.

The English-languange CHINA DAILY said Monday that Vietnamese troops had provoked more than 600 incidents along the Sino-Vietnamese border and had fired 200,000 shells into Chinese territories. It did not say what period was covered by the figures.

China and Vietnam have been making accusations and counter-accusations of border violations since Vietnam troops moved into Cambodia in late 1978.

ZHAO ZIYANG CONGRATULATES PREM ON REAPPOINTMENT

BK080830 Beijing International Service in Thai 1330 GMT 7 Aug 86

[Text] On 6 August Zhao Ziyang, Chinese prime minister, sent a telegram to General Prem Tinsulanon, congratulating him on his reappointment as Thai prime minister. The telegram says:

His Excellency Gen Prem Tinsulanon, Thai prime minister:

I am glad to learn that your excellency has been reappointed prime minister of Thailand and wish to express to you profound congratuations and best wishes on behalf of the Chinese Government and people and on my own behalf. May your excellency achieve more success in your missions, and may friendship and cooperation between China and Thailand and the long-standing friendship between the Chinese and Thai people continue to strengthen and develop. May your excellency enjoy good health and attain all that you wish.

WAN LI MEETS HONG KONG, MACAO PRESS DELEGATION

OW101358 Beijing XINHUA in English 1351 GMT 10 Aug 86

[Text] Urumqi, August 10 (XINHUA) -- Wan Li, vice-premier of the Chinese State Council and member of the Political Bureau of the Central Committee of the Chinese Communist Party, met two press delegations from Hong Kong and Macao here today.

The Hong Kong delegation was made up of a sports journalists' team led by Timothy T. T. Fok, managing director of the Henry Fok Estates Ltd., and a radio and television team led by Leung Tin Wai, director of Chinese News of the Hong Kong Commercial Broadcasting Co., Ltd.

The Macao delegation was formed by photographers headed by Sit Lek-kan, vice-president of the Macao Photographic Society.

The two delegations arrived here Saturday to cover the third Chinese National Minority Nationality Traditional Sports Games which started here today.

DK ENVOY TO PRC INTERVIEWED BY RENMIN RIBAO

OW080620 Beijing XINHUA in English 0543 GMT 8 Aug 86

[Text] Beijing, August 8 (XINHUA) -- The eight-point proposal put forward in March by the Coalition Government of Democratic Kampuchea (CGDK) is reasonable and feasible and has won the support of more than 50 countries, Democratric Kampuchea's ambassador to China told the "PEOPLE'S DAILY" Wednesday.

Chan Youran said there are two main points in the CGDK proposal that differ from the UN resolution and the declaration of the international conference on the Kampuchean problem.

One is that the CGDK calls for a two-phase military pullout by Vietnam from Kampuchea over a period of time, rather than asking them to withdraw immediately and completely. The other is that the CGDK calls for the formation of a four-party coalition government, including the Hanoi-installed Heng Samrin regime, after the first phase of the Vietnamese troop withdrawal.

Chan said these two points mean the eight point proposal is reasonable, flexible and feasible. It takes into consideration the interests of various sides and that is why it was greeted by the international community, he said.

However, the ambassador noted the proposal, which expresses the wishes of all Kampuchean people, was quickly turned down by Vietnam. Vietnam's rejection of the proposal exposes its intention to divide Kampuchea and continue occupying the country, he said. "I am sure that the Vietnamese people will be very happy if Vietnam accepts the eight-point proposal, because they want peace, not war," the ambassador said.

Chan stressed that the Kampuchean people are fighting for an independent, free, democratic, neutral and non-aligned nation, adding President of Democratic Kampuchea Norodom Sihanouk and Prime Minister Son Sann are and will be the leaders of Kampuchea.

Since the announcement of the eight-point proposal, the three factions that make up the resistance forces of the CGDK have furthered their unity and the situation at home is much better than before, the ambassador said.

However, he said the struggle is arduous. There are some one million Vietnamese in Kampuchea including 700,000 emigrants, some 200,000 troops plus 50,000 "advisers" of various kinds.

Chan said he is optimistic about the future of the Kampuchean people's struggle because he knows the level of support they are getting from the peace-loving and justice-holding countries of the world.

NPC VICE CHAIRMAN HUANG HUA MEETS AUSTRALIANS

OW011125 Beijing XINHUA in English 1003 GMT 1 Aug 86

[Text] Beijing, August 1 (XINHUA) -- Huang Hua, vice-chairman of China's National People's Congress Standing Committee, met Sir Michael Lindsay from Australia and his wife here today.

Lindsay, who met Huang in Yanan in the 1940s, arrived July 28 at the invitation of the Chinese People's Association for Friendship With Foreign Countries.

On July 30, he presented to the Museum of the Chinese Revolution nearly 400 pictures and negatives which he had taken in China's Shanxi-Chahar-Hebei border area and Yanan during the War of Resistance Against Japan (1937-45).

NEW CHINA QUARTERLY URGES INCREASED PRC-EEC TRADE

OW091008 Beijing XINHUA in English 0933 GMT 9 Aug 86

[Text] Beijing, August 9 (XINHUA) -- The need for efforts by both China and the European Economic Community to achieve a trade balance between them is discussed in an article in the latest issue of "NEW CHINA QUARTERLY". The article, signed by Zhang Chunzheng, a staff member of the Ministry of Foreign Economic Relations and Trade, recognized the fact that China-EEC trade increased year by year between 1970 to 1985, from 814 million to 5.237 billion U.S. dollars. Nevertheless, it said that China had an adverse balance all these years, which reached 3.16 billion U.S. dollars last year. In addition, it said, "The investment by European companies in China is not as large as it should be."

The newly-launched English magazine is devoted chiefly to the latest economic development in China. It is published by New China News Ltd., printed in Hong Kong, and edited by the NEW CHINA QUARTERLY editorial board and China Media Development Incorporation, both being XINHUA NEWS AGENCY affiliates.

China has much to do to improve this state of affairs, said the article. "Long-term export plans need to be drawn up. The pattern of China's exports has to be changed by stepping up the export of machinery, electrical equipment, meters and instruments, and other manufactured goods to EEC." "Nevertheless," it went on, "China needs support and coordination from EEC in its effort to increase exports." "The current EEC system of control for the import of Chinese goods does not suit the development of trade between both sides," it states. "For EEC, on pressing task is to relax its restrictions to help China increase its exports."

Despite steady growth of EEC investment in China over the years, such investment now accounts for only less than ten percent of the total the country has so far received. "We hope that they (European companies) will become bolder and establish more joint ventures or exclusively foreign-owned enterprises in China," the article said. The article also called for work to step up technological trade with EEC to help China retool its existing enterprises, as well as the forms of economic cooperation. It expressed optimism over the future of China-EEC ecomomic cooperation, which is characterized by mutual respect, and equality and mutual benefit through supplying each other's needs.

FRANCE TO TRAIN DAYA BAY TECHNICAL PERSONNEL

HK081436 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0724 GMT 6 Aug 86

[Report by Tang Hongjun: "France Will Be Responsible for Training Technicians of the Daya Bay Nuclear Power Station"]

[Text] Paris, 6 Aug (ZHONGGUO XINWEN SHE) -- The Nuclear Power Observation Team of the Hong Kong Legislative Council visiting Europe received confirmation that apart from providing China with all technical data about the M310 water pressurized reactor, France will be responsible for the training of Daya Bay technical workers. According to Electricite de France, the company has signed an agreement with the Guangdong Electric Power Company. The technical workers of the Daya Bay Nuclear Power Station will respectively head for France and Britain to receive professional training. The whole training plan will be carried out in stages.

The first stage, lasting 6 months to 2 years, mainly calls for education on fundamental knowledge and simple methods of operation. This is followed by 2 years of practice at the relevant nuclear power station in France. In the third stage, simulated training will be combined with practice at the Daya Bay Nuclear Power Station. In the whole process of training, Chinese and French personnel will exchange experiences in various forms.

The observation group yesterday visited the Bujey Training Center 30 kilometers from Leon. This is an educational organ of Electricite de France for the training of workers. There are two similar training centers in Gang-cheng [6921 1004] and Paluel, Normandy. The workers of the Daya Bay Nuclear Power Station will be trained at the Gang-cheng center. The method of training mainly calls for simulated training based on actual work.

It is understood that France currently has a total of 130,000 electric workers. Except for top-ranking personnel in specialized fields, all technical personnel and technicians must undergo regular training. The number of people sent to study at a training center is limited. There are more people organized by various electric power plants themselves for study. For example, the time spent by the Garveline Nuclear Power Plant on further raising the workers' professional capacity last year totaled 136,300 hours, accounting for 5 percent of full-time workers' work hours. The time spent by the Bujey Nuclear Power Plant on training on-the-job workers last year also approximated 21,000 hours. Various plants have their own teams of teachers specially devoted to the business of education. A relevant responsible person of Electricite de France said that these are necessary steps taken by them to ensure the safe operation of nuclear power units and prevent technical errors in operation.

TURKISH FRIENDSHIP DELEGATION CONTINUES VISIT

Visits Xinjiang

OW071406 Beijing XINHUA in English 1347 GMT 7 Aug 86

[Text] Urumqi, August 7 (XINHUA) -- A delegation from the Turkey-China Friendship Group of the Turkish Grand National Assembly led by its chairman Halil Sivgin visited a water conservancy project, historical sites and pastureland in the Xinjiang Uygur Autonomous Region between August 5 and 7. Tomur Dawamat, chairman of the regional people's government, met and feted the guests on behalf of the regional government and the regional People's Congress.

Feted in Heilongjiang

SK110320 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 9 Aug 86

[Excerpt] After winding up its friendly visit to our province, the 15-member delegation from the Turkey-China Friendship Group of the Turkish Grand National Assembly led by its chairman Halil Sivgin left the province by plane this morning. The delegation arrived in Harbin on the morning of 7 August. That evening, the Heilongjiang Province People's Congress Standing Committee gave a banquet in honor of the Turkish guests Li Jianbai, chairman of the provincial People's Congress Standing Committee, chaired the banquet. Chairman Li Jianbai proposed a toast at the banquet. Halil Sivgin, head of the delegation, said: I was very glad to visit [words indistinct] on the occasion of the 15th anniversary of the establishment of diplomatic relations between Turkey and China. [passage omitted]

CHEN MUHUA MEETS HUNGARIAN ECONOMIC DELEGATION

OW071028 Beijing XINHUA in English 0948 GMT 7 Aug 86

[Text] Beijing, August 7 (XINHUA) -- Chen Muhua, Chinese state councillor and president of the People's Bank of China, met a Hungarian economic delegation led by Ferenc Bartha, director of the Secretariat for International Relations under the Council of Ministers, today.

Chen briefed the visitors on China's current economic system reform and said the two countries could cooperate and learn each other's experience in reform.

The delegation arrived here yesterday to exchange views with departments concerned on economic reform, transformation of old factories, joint production, bilateral trade and labor service between the two countries.

WANG BINGQIAN MEETS CZECHOSLOVAK VISITORS

OW051144 Beijing XINHUA in English 1050 GMT 5 Aug 86

[Text] Beijing, August 5 (XINHUA) -- Wang Bingqian, Chinese state councillor and minister of finance, met Stanislav Sourek, vice-minister of finance of Czechoslovakia, and his party here this afternoon at the Great Hall, of the People. At the meeting, they expressed their hope for further development of the Sino-Czechoslovak economic relations.

Sourek and his party arrived here August 2 as guests of the Chinese Ministry of Finance to discuss with the Chinese side on the signing of an agreement between China and Czechoslovakia on avoidance of double taxation.

WANG ZHAOGUO MEETS ROMANIAN PARTY ACTIVISTS

OW031144 Beijing XINHUA in English 1136 GMT 3 Aug 86

[Text] Beijing, August 3 (XINHUA) -- Wang Zhaoguo, member of the Secretariat of the Chinese Communist Party Central Committee, met and feted here today a group of activists from the Romanian Communist Party who are on vacation in China.

The eight-member group is headed by Nicolae Croitoru, alternate member of the Central Committee of the Romanian Communist Party and secretary of the Bucharest Committee of the Romanian Party. They have visited Beijing, Hangzhou, Guangzhou, Shenzhen, Shanghai and Yantai since their arrival here July 14 and will leave for home August 5.

PRC MINISTER CALLS FOR MORE IMPORTS BY CANADA

AU091551 Paris AFP in English 1537 GMT 9 Aug 86

[Text] Calgary, Canada, Aug 9 (AFP) -- Chinese Agriculture Minister He Kang has urged Canada to step up imports of Chinese products in an effort to reduce the 850 million Canadian dollar (600 million U.S.) bilateral trade deficit working in Canada's favor.

In a news conference Friday in this western city, Mr He said that China was not yet ready to complete with Canada on the world grain market, in part because "we have one billion people to feed." Canadian grain imports have fallen from an average of 15 million tonnes annually in the late 1970s to around eight million at present.

Mr He, who arrived here last Tuesday at the head of a Chinese delegation for a 12-day visit, urged Canada to import more tea, cotton, textiles and fresh or frozen produce.

PRC MINISTER AT COLOMBIAN PRESIDENT'S INAUGURAL

OW080758 Beijing XINHUA in English 0700 GMT 8 Aug 86

[Text] Bogota, August 7 (XINHUA) -- Colombian new President Virgilio Barco Vargas in his inaugural speech today pledged to combat unemployment and drug trafficking. He said that his government will make efforts to improve the economic and financial situation in order to solve the two most serious problems the country faces.

On foreign policy, the new president said his administration will maintain good relations with all the countries in the world and will develop, in particular, traditional political, commercial and cultural relations with its neighboring Latin American countries.

The presidential inauguration tool place at 4:15 pm (local time) today. Representatives of more than 30 countries including the Presidents of Honduras, Venezuela, Costa Rica, Uruguay and El Salvador as well as the U.S. Secretary of State were present at the inaugural ceremony.

Chinese Transport Minister Qian Yongchang and Chinese Ambassador to Colombia Li Guoxin attended the ceremony.

Virgilio Barco Vargas, the ninth Liberal president of Colombia in this century, was born in 1921 in Cucuta, capital of the Department of North Santander. He completed his primary and secondary schooling in his hometown and then graduated in civil engineering from the Massachusetts Institute of Technology in Boston.

During his 40-year political career, Virgilio Barco held the post of minister of postal and telephone services (1945), was elected member of Parliament (1949), named minister of public works (1958), ambassador to Great Britain (1961-62) magistrate of Bogota (1964) and ambassador to the United States (1977-1980).

In the presideential election held on May 25, Barco, who was the Liberal Party Candidate, received more than 4.21 million votes while his closest contender, Alvaro Gomex Hurtado of the Conservative Party received about 2.58 million votes. Barco won with the highest number of votes in the political history of his country.

Delegation Meets President

OW090848 Beijing XINHUA in English 0813 GMT 9 Aug 86

[Text] Bogota, August 8 (XINHUA) -- Colombian President Virgilio Barco Vargas today received a Chinese delegation in the Narino Palace. The Chinese delegation, which is here to attend President Barco's inauguration on Thursday, is led by Qian Yongchang, minister of communications.

Qian conveyed greetings from Chinese President Li Xiannian and Premier Zhao Ziyang to President Barco, who in return, asked Qian to convey his greetings to the Chinese leaders. Recalling his visit in China in 1984, the president expressed his "great admiration" for China, praising its accomplishment in the recent economic reforms. The President reiterated that Colombia wants to strengthen its relations with Pacific Basin countries, including China.

Expressing his sincere wishes for the success of President Barco's government, the Chinese minister too expressed the hope that relations between the two countries would be strengthened. Also present during the talks was Chinese Ambassador to Colombia Li Guoxin. The Colombian president has received delegations from 29 other countries, who are here for his inauguration.

PANAMANIAN ASSEMBLY DELEGATION ENDS VISIT

OW071032 Beijing XINHUA in English 0945 GMT 7 Aug 86

[Text] Guangzhou, August 7 (XINHUA) — A National Legislative Assembly Delegation from Panama led by its president Camilo Gozaine wound up its first China trip and left here today. Upon his departure Gozaine told XINHUA that the goal of the goodwill visit by his delegation has been attained. The visit will bring bilateral relations closer and also prompt the Panamanian Legislative Assembly to consider the question of establishing diplomatic relations between the two countries, he added.

He expressed the belief that with more and more Panamanian officials to visit China the diplomats of the two countries will eventually sit down for talks for the establishment of diplomatic relations.

Gozaine recalled that he had been in China's diligent, generous and friendly people, Morover, he said, China has set a very good image in the world with the concept of "one country, two systems" it has adopted for the settlement of the Hong Kong issue.

PRC WOMEN'S DELEGATION LEAVES FOR GUYANA

OW090922 Beijing XINHUA in English 0724 GMT 9 Aug 86

[Text] Beijing, August 9 (XINHUA) — A Chinese women's delegation left there by air today for Guyana to attend a national convention of a women's organization of the country. The delegation, at the invitation of the Women's Revolutionary Socialist Movement of Guyana, is headed by Yu Shugin, member of the Standing Committee, and member of the Secretariat, of the All-China Women's Federation. After attending the meeting to be held from August 13 to 17, the delegation will pay a goodwill visit to Mexico at the invitation of the National Peasant's Confederation of the country.

DAYA BAY STRICTLY SELECTS OPERATING PERSONNEL

HK080856 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0913 GMT 7 Aug 86

[Report: "Personnel carefully chosen for Daya Bay nuclear power plant"]

[Text] Shenzhen, 7 Aug (ZHONGGUO XINWEN SHE) -- This reporter learned from the Guangdong Nuclear Power Joint Venture Corporation that operating personnel for the Daya Bay Nuclear Power Station must be strictly selected and trained, and they will not be assigned to any work posts before they can pass the examinations.

The Daya Bay Nuclear Power Station has sent 26 technicians and engineers to receive training in France's nuclear power establishments. More university graduates will be sent to receive training henceforth. According to sources concerned, the French side has set very high demands on these in-training personnel. Strict requirements are set on the educational conditions, operating experience, and age for personnel in various posts. For example, the candidates for plant director now being sent to receive training in France must be university graduates with more than 10 year's work experience as a power plant director, and their age must be between 35 and 40. All students must pass examinations before they can practice the operation of the nuclear power station.

After receiving training in France, these people will be tested for their operation of a nuclear power station simulator with a "pressurized water" reactor at home. The simulator stores many programs of supposed accidents and the operating personnel are required to tackle all such accidents. This will test their ability to deal with accidents and maintain the normal operation of the power station. Only those who pass the tests and achieve certificates can be allowed to enter the power station and hold an operating post. In addition, all personnel of the power station will have to pass an annual examination and only those who pass such an examination can continue to work.

YU QIULI PROPOSES 'EIGHT PROHIBITIONS' FOR PLA

OW090155 Beijing Domestic Service in Mandarin 2130 GMT 8 Aug 86

[Text] According to a JIEFANGJUN BAO report, Yu Qiuli, director of the PLA General Political Department, said at the 3 July all-army report meeting on the progress made in rectifying party style and conducting party rectification: In addition to strict enforcement of the Three Main Rules of Discipline and the Eight Points for Attention, the following prohibitions should be explicitly stipulated for enforcement throughout the Army: prohibition against beating, swearing at, and corporal punishment for soldiers; prohibition against receiving gifts from soldiers; prohibition against infringement of soldiers' interests by cadres; prohibition against imposing fines on soldiers; prohibition against alcoholism; prohibition against gambling; prohibition against reading pornographic materials; and prohibition against deception.

Yang Shangkun, vice chairman of the military commission, fully affirmed these eight prohibitions. The Eight Prohibitions, he said, are new requirements, supplementary to the Three Main Rules of Discipline and the Eight Points for Attention, and should be regarded as new rules for the Army to be enforced seriously by all units.

An Educational Program for Enforcement of the Eight Prohibitions, compiled by the Propaganda Department of the PLA General Political Department, points out that serious enforcment of the Eight Prohibitions is of vital importance in carrying forward our Army's fine tradition, forging close ties between officers and men, and strengthening the ideological work and improving the work style and discipline of PLA units, especially at the grass-roots level.

PLA INSTITUTES NEW RECRUIT TRAINING SYSTEM

OW101909 Beijing XINHUA Domestic Service in Chinese 0654 GMT 10 Aug 86

[By reporter Gai Yumin]

[Text] Beijing, 10 Aug (XINHUA) -- A new training system adopted by the PLA has revitalized the Army's military training program.

The new training system was adopted in the course of reforming the Army's education and training in an effort to adapt them to the new situation brought about by the strategic shift in the guiding ideology on army building. The main point of the new system is the strengthening of training regiments. The new training system is based on the concept of giving new recruits training before assigning them to army units. It calls for full utilization of such training facilities as the instruction and training regiments and bases in training new recruits and backbone elements and for gradually making training regiment schools where soldiers can acquire basic military skills and tactics. After receiving training at the training regiment, the new recruits will be assigned to their units, where they will receive integrated training and undertake combined drills with other services and arms. This has changed the past inefficient training cycle which began with the basic individual drilling and has upgraded the substance of training.

Progress has been made in the Army's training program since the adoption of the new training system this year. Training regiments have been extensively established in Ground Force units. Thanks to the training at the training regiments, new recruits were able to meet the basic standards of a qualified soldier. They are now receiving integrated training at their units. Tactical training has reached the company level in most of the units.

The PLA's tactical training in combined operations has been noticeably strengthened. The Ground Force greatly increased the degree of difficulty and the intensity of its training to meet the demands of combined operations. The Navy has considerably enhanced its combat capacity in joint operations at sea, and its submarines and large surface vessels have gradually increased the distance of their voyages. The Air Force flight unit has greatly increased its flying time, and the number of pilots and combat squadrons capable of flying in four different weather conditions has increased by a large margin. The goals have become more specific in combat flight training. Many units also organized campaign training activities and seminars on battle theories.

The adoption of the new training system and the readjustment of the training period give veteran soldiers more training of dual-purpose personnel, which is becoming part of the military training and education program.

PLA-OWNED FACTORIES TO EXHIBIT CIVILIAN GOODS

OW081558 Beijing XINHUA in English 1418 GMT 8 Aug 86

[Text] Beijing, August 8 (XINHUA) -- The China Xinxing Corporation, which sells at home and abroad goods from military factories and farms belonging to the People's Liberation Army, is to hold its first export commodities fair here from August 14 to 23. General Manager Zhang Zhuqiao told a press conference here today that on display will be 5,000 commodities produced by 400 military factories and farms, and 100 civilian firms from most parts of China.

"Among them will be medical equipment, electronic products, machines, chemicals, clothing, and foodstuffs, as well as farm and sideline products," he said. Some Army research institutes and academies will share their technical findings with participants during the fair. Under Chinese Government policy, national defense industries are being encouraged to manufacture goods for civilian use to cope with increasing demand.

JIEFANGJUN BAO HOLDS MILITARY MANAGEMENT FORUM

OW092336 Beijing Domestic Service in Mandarin 2130 GMT 9 Aug 86

[Press Review]

[Text] JIEFANGJUN BAO front pages a news report on a forum sponsored by its Editorial Department to discuss questions concerning the study of military management. Experts and scholars attending the forum held that military management is an important task relating to the overall work of building our Army. In our country, they said, the study of military management is still at the incipient stage, and importance must be attached to it as a major discipline.

RENMIN RIBAO REPORTS ON WAYS OF EDUCATING PEOPLE

HK100600 Beijing RENMIN RIBAO in Chinese 2 Aug 86 p 1

[Commentator's Article: "New Forms of Education About the Situation and Policies"]

[Text] On hearing about education regarding the situation and various policies, one is easily reminded of leading cadres and political workers presenting reports on platforms. To be sure, it is necessary to present reports. Some leaders are particularly good at this. With adequate material and a good understanding of people's minds and by lively and vivid speaking, they present reports with remarkable results. However, some reports on the situation can hardly arouse people's interest. Many comrades must have attended report meetings like the one described below:

While a speaker keeps up a constant flow of words on the platform, repeating stereotyped phrases or what others have said before, the listeners in front of the platform are either chatting with one another, reading novels, sleeping, or even trying to leave the place. People say: "Such report meetings, which can solve not even a single problem, are indeed punishing!"

Last year, many leading comrades in various parts of the country tried to mix with the masses and to discuss the situation and various policies by informally chatting with them, telling jokes, and answering their questions. As a result, the leaders and the masses became closer to each other and their mutual understanding improved. This shows that there has been great progress in educating the people about the situation and various policies.

Not long ago, in educating the people about the situation and various policies, the Shanghai Mechanical Blades Plant let the masses take over the platform by inviting workers to deliver speeches. These workers, as masters of their own affairs, freely discussed important issues and aired their views. According to a WEN HUI BAO report, the masses enjoyed this. The change from listening to speeches delivered by leaders on platforms and conversations between leaders and the masses to inviting people from among the masses to deliver speeches on platforms indicates that new ways of presenting reports keep replacing old ways. This change is a result of exploration and reform in ideological and political work in the new historical period.

People may ask: What do the masses have to say? Our reply to this question is: Comrades, you are wrong. Never before have the Chinese people been so concerned about the national situation and the party's policies. According to a WEN HUI BAO report, a survey conducted by the Shanghai Mechanical Blades Plant reveals that "its workers and staff members always discuss such problems as prices, premiums, party style, and plant style after lunch or on their way home or to the plant." Since they are already discussing these problems in private, it is not better to invite them to discuss these problems on stage? At least, the masses' opinions are realistic. Only realistic views and concrete data are convincing. Of course, we may discover complaints and an extreme viewpoint in what they say, but his is not important. If the first speaker holds extreme views, the second speaker may not. Do we always not say that the masses are real heroes? Why, then, do we have fears when people are invited to deliver speeches on the stage? Do we always not describe the situation as excellent? Why, then, do we have fears when the masses discuss the situation? The masses are good at distinguishing what is right from what is wrong. Enjoying the spring winds brought about by the reforms and the implementation of an opening up policy, the masses will never forget the "macroclimate." Some things are more reliably and convincingly said by the masses than by leaders. Even if they cannot say things comprehensively aor accurately and even if they make mistakes, that is not important. The leading cadres can ascend the stage to correct them or to make supplementary remarks. Since these corrections and supplementary remarks are aimed at specific mistakes and specific inadequacies, they can produce better results than vague, general remarks.

It seems that we can educate people about the situation and various policies in a variety of ways. We hope that more comrades will examine various ways of giving people an education about the situation and variois policies. This is an important topic to be studied in the ideological and political work in the new period.

SOCIALIST DEMOCRACY DEVELOPS ALONG WITH REFORMS

HK071506 Beijing GUANGMING RIBAO in Chinese 27 Jul 86 p 1

["Weekly Commentary" by Shen Baoxiang: "Democracy Should Continuously Develop With the Development of Socialism"]

[Text] The development of our socialist modernization and construction, particularly the in-depth carrying out of comprehensive reforms, requires that we more conscientiously promote the development of socialist democracy.

The relationship between democracy and economics is a dialectical one. Lenin pointed out that in real life, democracy never "exists alone," instead, it is "mutually interdependent with economics. It influences the economy, propels economic transformations, and is inversely affected by economic development. This is a living example of dialectics. ("Selected Works of Lenin," Vol 3, p 238) Economically speaking, reform means letting go of authority; politically, it means expansion of democracy. Reform of the economic system will naturally demand corresponding reforms in the superstructure as well as the development of democracy. In recent years, along with guiding reforms in the economic system, the party Central Committee has also adopted a series of changes in our country's political system, zeroing in on bureaucratic phenomena, over concentration of power, the paternalistic system, the lifetime tenure of leaders, and various forms of special privileges and other such ills. The essence of these reforms is to expand and develop socialist democracy. Since the 3d Plenary Session of the 11th CPC Central Committee, the development of socialist democracy and the reform of the economic system have complemented each other. This is the manifestation of the dialectics of democracy and economics in our country's socialist modernization and construction.

On the other hand, we also see that for some time now, some good cadres who are keen to introduce reforms and who have scored remarkable achievements and won popular support in their respective units, have, however, been reassigned or dismissed or even placed under investigation because they have incurred the displeasure of some people or infringed on the interests or "dignity" of some people. As masters of enterprises, the employees and staff members of these units are extremely discontented with this phenomemon which is contrary to the spirit of reform, yet there is nothing they can do. In some places, unqualified, irresponsible, and unpopular cadres have been assigned to important posts, resulting in work getting messed up and even creating loopholes. Again, the employees, who are masters of these units are helpless. Moreover, using power for selfish ends, bureaucracy and other unhealthy practices are major negative factors which disrupt and affect reforms. When the people resent them, they can not carry out effective supervision over these cadres. Many facts have demonstrated that the reform of the economic system requires the coordination of reform in the political system as well as corresponding development in socialist democracy. Otherwise, it would be difficult for reforms in the economic system to advance or for results already gained in reforms to be consolidated.

On the question of socialist democracy, it is necessary to make a distinction between the types of democracy with the development process of democracy. While these two concepts are closely linked with another, they are, nonetheless, in different categories.

Looking from the historical development of democracy and the essence of class, and compared with bourgeois democracy, socialist democracy is "a higher form" of democracy and one where the great majority of people enjoy a high level of democracy. This is the principle of which Lenin spoke several times. On the other hand, speaking of socialist democracy itself, there is a process of development from imperfect to perfect, from low to high. During this process, differences will exist at varying levels between democratic principles and democratic exercise. Such a phenomena similarly exists in our country 's real life. At present our socialist democracy is still in its preliminary stage of development. The people and cadres still have insufficient awareness of democracy and democratic habits. Our socialist democratic system is still not strong and perfect, while the management system and administration have still to adapt to such a system. [paragraph continues]

The political and leadership systems still have many defects which do not conform with the demands of democracy. Some localities practice democracy in form only, while certain places do not even bother to put up even form. The people have no sufficient right of expression on administration of the country and of their respective units. Some cadres with a very strong notion of special political privileges abuse their powers to suppress the people. On the present condition of our country's socialist democracy, it is necessary to make overall and factual calculation and analyses under the premise of distinguishing the two concepts of forms of democracy and of the development process of democracy. On one hand, it is imperative to clearly affirm that we are implementing a socialist democratic system which is incomparable with bourgeois democracy and that our citizens enjoy broad democratic rights. On the other hand, the development of our socialist democracy is still insufficient. The difference in principle and practice of this kind of democracy is caused by the social and historical conditions of our country. Hence, we should not deviate from real economic, cultural, and other factors, or make unrealistic demands for the development of socialist democracy. However, if the obvious difference in principle and practice of democracy in real life is overlooked or not paid attention to, then blindness in action will result and will hamper the demands and efforts to develop socialist democracy.

It is necessary to exert multi-faceted efforts in order to develop socialist democracy.

At present, the key to developing socialist democracy is to further carry out reforms in the political system. Reforms in the political system cover many grounds, but its central requirement is to develop socialist democracy so that the people can be better able to perfom state power and be masters of the country.

All changes in the politics and the economy must be preceded by changes in the people's thinking. The reason we were unable to carry out comprehensive reforms in the economic system and make major strides was because, ideologically, a series of fixed ideas were shattered. This is a very important experience. To make huge advances in the reform of the political system, it is also necessary to first shatter certain fixed ideas in our thinking.

To develop socialist democracy in our country, it is imperative to wipe out the pernicious remnants of feudal autocracy. "What old China left us with is a lot of feudal autocratic traditions and very little democratic and legal traditions." ("Selected Works of Deng Xiaoping," p 292) This is an unfavorable condition for the development of socialist democracy. During the "Cultural Revolution," there was daily talk of preventing capitalist restoration, yet the actual result was that, to a comparatively great degree and scope, feudal autocracy ran unchecked. This is a very profound historical lesson. Currently, there exist various kinds of defects in our political system and various undemocratic phenomena in our political life, with the majority of them exhibiting shades of feudal autocracy. These are the main obstacles to the development of socialist democracy. Thus, the process for the development of socialist democracy is also the process for the elimination of these pernicious remnants of feudal autocracy. In this context, the development process of socialist democracy is determined by the degree to which the pernicious remnants of feudal autocracy have been eliminated.

Naturally, with the opening up to the outside world, some decadent bourgeois ideas will incessantly seep in, causing some people to fail to distinguish ideologically the essential differences between socialist and bourgeois democracies. In the process of developing socialist democracy, such tendencies should be ignored.

LIAOWANG STRESSES DEVELOPING SOCIALIST DEMOCRACY

HK100319 Beijing XINHUA Hong Kong Service in Chinese 0026 GMT 10 Aug 86

[Text] Beijing, 10 Aug (XINHUA) -- LIAOWANG weekly, which is to come off the press tomorrow, carries a commentator's article which says that without socialist democracy, there would be no socialist modernization.

The commentator's article points out that the outcome of the "Great Cultural Revolution" which brought unprecedented catastrophe to our country and nation and the failure to correct it for a long time were due to the destruction of democratic centralism and the democratic life of our party and state, overcentralization of the party's power, a personality cult, and arbritariness.

The article says that China is a country with a long feudal history and the pernicious influences of fedualism are deep-rooted. The fedual partriarchal behavior and practices that avoid mentioning mistakes made by respected persons are the pernicious influences of fedualism in our social life.

In order to develop socialist democracy, the commentator points out, it is necessary to give full play to the role of various people's congresses in the country's political life. We must adopt a series of methods to enable the people to concern themselves with and take and active part in state affairs and social affairs and social management, and exercise effective supervision over the functionaries of the party and government at various levels. We must also give full play to the role of the CPPCC, democratic parties, and people's organizations at all levels. We must further implement democratic centralism in the party and government organs and carry out a system of collective leadership and division of work with individual responsibility.

The article emphasizes that socialist democracy should be carried out in political life as well as in the fields of economic, cultural, and social life. We must exercise democratic management in enterprises and institutions and gradually carry out people's democracy in the political life of the grass-roots units. In light of the principle of socialist democracy, we must establish relations of harmony, unity and cooperation, and equality among the people and between the people and society.

The commentator points out that the building of the socialist legal system in order to institutionalize and legalize socialist democracy. While enacting and perfecting the various laws, we should urge the working personnel, at all levels, to enhance their legal sense and act according to the law. We must put an end to the practices of violating laws, abusing power to defy laws, and substituting one's words for law. We should also spread legal knowledge among the people and encourage them to learn, understand, apply, and observe the laws.

REFORM AND THE 'DISEASE OF INFALLIBILITY'

HK080733 Beijing RENMIN RIBAO in Chinese 1 Aug 86 p 5

[Article by Yu Wujin: "Doing Away With the Psychological 'Disease of Infallibility'"]

[Text] People have gotten used to the following phenomenon: Whenever the reform encounters problems, some people will always seize on them and paint a dark picture of the reform; also, whenever reformers encounter setbacks or even make mistakes, some people will always take pleasure in their misfortune and mock them.

Why does such a phenomenon exist? Of course it is due to various factors. Here we are going to concentrate our attention on the analysis of a contributing psychological factor. Numerous facts tell us that people are usually affected by a psychological "disease of infallibility," which is one of the basic reasons why they often make errors of judgment concerning the external world. Therefore, this psychological "disease of infallibility" is also a common psychological obstacle to the current reform.

The so-called psychological "disease of infallibility" is a common natural psychological tendency which tempts people to demand perfection from the objects of their attention (men, things, historical events) and to expect that the objects of their attention will always be in a state of "infallibility." This tendency, which is buried deep in people's subconscious, can have great influence on their understanding and evaluation of the external world. However, people are often unaware of this psychological barrier and let it govern their acts.

If we look at man's cultural activities, we can discover the influence of this psychological "disease of infallibility" everywhere. For example, the Christian God is a product of man's efforts to create an infallible, perfect and objective embodiment of his own nature. Therefore, Feuerbach regarded God as the alientation of man's nature. In religion, paradise is a flawless substitute for this world. By further extrapolation, "Utopia," as imagined by philosophers or politicians in history, is also the product of the efforts to create an infallible embodiment of the real world. This psychological tendency to imagine things as infallible shows itself especially obviously in literature and art, which have the nature of fiction and creation and an internal motive force for which is the aim of creating flawless characters, things, and scenes. But we are facing a question concerning the extent of beautification. When the members of the "Gang of Four" were capitalizing on the "creative writing principle of three saliencies" [positive personalities, heroic persons, and a central heroic figure] and were doing their utmost to create their absolutely purified and infallible positive characters, expecially heroic persons, they were in fact pushing literature and art into a pool of sulphuric acid and completely destroying them.

The psychological tendency of rendering things infallible is highlighted in the appraisal of persons (great figures in particular). It is buried deep in people's subconscious and one can hardly do away with it by simply rationally reminding oneself of the truth that "there is no perfect man" and "mistakes can hardly be avoided." People always stubbornly stick to the tendency of rendering great figures infallible, and this mentality continually affects people's practice.

For example, the published "complete works" of well-known figures are usually "incomplete." An important reason for this is that the compilers of these "complete works" want to conceal the dishonorable history of these great figures. This is an expression of the psychological tendency to "render things infallible."

Some people get nervous and flagrantly criticize the reform at the sight of some problems emerging in the reform. This shows that they are taking an unrealistic and nit-picking attitude toward the reform. They expect that the whole reform will be carried out in an infallible way. It seems to them that the reform should be free of or can absolutely avoid problems or difficulties. Therefore, they view brave reformers from the perspective of infallibility, demanding that the latter always act correctly and never commit mistakes. Occasionally they will make a worldly-wise gesture and utter a few words, saying that "people should be allowed to commit mistakes." In saying this, they in fact mean that no one is allowed to make mistakes without their consent. So they still fail to do away with the psychological tendency of "demanding infallibility." Anyway, mistakes are inevitable, with or without their consent. The reform itself is a great social engineering project, a kind of exploratory activity aiming at meeting future needs. In demanding that the reform be carried out in an infallible manner, they are in fact abrogating the reform.

In opposing this psychological tendency of "demanding infallibility," we do not mean to encourage people to make mistakes. In putting forth this question, we mean to emphasize the inevitability of mistakes and to advise people not to get nervous and lose their confidence in the reform at the sight of mistakes. Making mistakes is nothing to be afraid of, but failure to promptly recognize mistakes is the very thing that is indeed harmful. Wittgenstein said, "We can coin money out of every mistake." We should view and evaluate the current reform in this spirit. Otherwise, we will possibly become stumbling blocks to the reform.

CHINA DAILY COMMENTATOR ON POLITICAL REFORM

HK090510 Beijing CHINA DAILY in English 9 Aug 86 p 4

["Opinion" by CHINA DAILY commentator: "Political Reform"]

[Text] Political reform has become a topic of discussion during the last two months. With economic reform going deeper and deeper, it often happens that some part of the existing political structure hinders smooth operation of reforms. It is increasingly obvious that political reform must be put on the agenda if the on-going economic reform is to achieve ultimate success. Hence, the call for political reform to promote the nation's economic reform.

It was important that Vice-Premier Wan Li made an explicit statement on this score at a soft science symposium last week. He said that in reforming China's political structure, full play should be given to socialist democracy to ensure that policy decisions are made in a genuinely democratic and scientific way.

There are plenty of lessons that could be leanred from the past 30 years when quite a lot of policies were hastily decided by leaders and not well thought out. These policy decisions were often based on their past experiences. Such policies often proved to be futile since they did not conform to reality and led nowhere.

China has been a feudal society dominated by small-scale production for thousands of years. There was a tendency for people to look to benevolent rulers to bring them peace and happiness. Democracy in the modern sense had little tradition and freedom of expression was seldom encouraged.

After liberation, though much was done to eliminate lingering feudal set-ups, feudal ideas and their evil influences persisted unnoticed and sometimes even moved into the open. As a result, some differences of opinion were ignored when policy was being decided and minority opinions were not tolerated.

Deng Xiaoping displayed profound political insight when he pointed out that what is most terrible for a revolutionary party is an inability to hear the voice of the people.

Painful lessons have taught us that unless democracy and science prevail, our socialist system is far from sound, much less perfect, and our economy cannot be expected to maintain steady and continuous development.

Now, great effort is being made to encourage officials to have open minds and to listen to different views before making decisions. In the same vein, Wan Li stressed that a political environment characterized by democracy, equality and consultation must be created before scientific theories can be developed. He called for respect for the people's democratic right to express themselves. Leaders were urged to listen patiently to views that may be different from or opposed to their own.

The policy of "letting a hundred flowers blossom and a hundred schools of thought contend," initiated 30 years ago, is in the final analysis a call for freedom of expression. That it is being reasserted not only in artistic and academic matters but also in political and ideological fields in another strong indication of the Party's commitment to democracy.

The Vice-Premier also made it known that there will be legislation to provide legal protection for those who conduct research in the interest of policy-making. Only by pooling the wisdom of people with the necessary background information can sound policies be guaranteed.

A case in point is the review of the plan to build the Yangtze Gorges project in which experts of various fields are being consulted.

Neeedless to say such thinking and subsequent action to encourage frerdom of expression in policy-making will win public support and will benefit the reform programme greatly.

JINGJI RIBAO ON PLANT DIRECTOR RESPONSIBILITY

HK071434 Beijing JINGJI RIBAO in Chinese 30 Jul 86 p 1

[Commentator's article: "Will the Implementation of the Plant Director Responsibility System Weaken the Party's Leadership?"]

[Text] In the course of carrying out the plant director responsibility system, some comrades ask: With the plant director being in a responsible position, will the party's leadership over the enterprise be weakened? [paragraph continues]

Our answer is clear. The implementation of the plant director responsibility system will further strengthen and improve the party's leadership rather than weakening it. Adhering to the party's leadership is one of our four basic principles, and this principle will never be changed. The party's leadership must first be reflected in the implementation of the party's correct line, principles, and policies, and must be effected in the course of mobilizing cadres and the masses to carry out the party's policies, ensuring the socialist orientation of the enterprises, doing in-depth and careful ideological and political work, and bringing the role of the party's grass-root organizations into play. However, the party's combat functions are not like military command. The party organizations should function as a strong backing for the military commanders and should not directly exercise military command. In the forefront, the party is the soul of military commanders, and it should guarantee the principle of the party directing the Army. At present, we have shifted the focus of our work to large-scale economic construction. On the one hand, the party has formulated the line, principles, and policies for the new period and is leading and promoting the modernization process. In this way, the party continues to perform a leading role and show her great strength. On the other hand, for various reasons, some aspects of our enterprise leadership system are not in line with the needs of modern production and management. This is reflected in such facts as the party's functions being confused with administrative functions or replacing administrative functions of the departments concerned. For a long time in the past, many enterprises implemented the plant responsibility system under the leadership of party committees. This system did play an active role in the past, but it had many defects. Although this system stressed collective leadership and the plant director's responsible position, in fact no one really took the responsibility for many things in routine management work and the responsible person could not even make a decision on his own. All members of the party committee were often required to deal with the concrete affairs in routine production and management. They had to take other people's jobs into their hands, handle technical and marketing affairs, appoint and remove professional cadres, and were completely entangled with routine affairs. They were not able to concentrate on party affairs and political work. In some localities, party organizations in fact did not take care of party affairs or had no time to do this. Therefore, it is an important issue to study how to strengthen and improve the party's leadership under the new situation.

Comrade Deng Xiaoping clearly pointed out in 1980: "The previous management system of our factories has been proved, in practice, to be unfavorable to management modernization in the factories, and is also unfavorble to the party's sound work in the factories. The reform will help free factory party committees from routine affairs and concentrate on ideological and political work and organizational and supervisory work. This will not weaken the party's leadership; instead, it will improve and strengthen the party's leadership." Here, Comrade Deng Xiaoping made a brilliant exposition on the reason and purpose of reforming the factory management in our country and pointed out the orientation of strengthening and improving the party's work after the reform of the enterprise leadership system.

The plant director responsibility system is a need in the production activities and management of modern enterprises. The party is not a power organ which can issue orders to the masses, and is also not an administrative or production organization. In the enterprises, plant directors and managers have the position of representing the legal entity. They must be responsible for the business, economic, and social results of their enterprises and must answer to the state and society. Their powers are integrated with their responsibilities and duties. Without corresponding powers, they cannot really bear the responsibilities and duties; and without bearing the responsibilities and duties, they cannot have those powers. [paragraph continues]

In this sense, plant directors and managers should be given certain responsibilities and duties so that they can exercise their powers within the scope of their functions. Thus, they will be able to more effectively manage the enterprises by economic means and in light of laws and regulations. Only thus can we build a unified and highly efficient management system to direct production and business operations, promote coordinated enterprise reforms to suit the needs of the development of the socialist planned commodity economy, to unfold positive economic and technical cooperation and market competition, and to raise economic efficiency and improve economic results. The state of affairs in the 20,000 enterprises which began the trial implementation of the plant director responsibility system shows that this system has brought about good results. Enterprise production and operations are now managed in a more efficient manner and enterprise leadership has been strengthened with a quicker decision-making process. The confusion between the party's functions and enterprise administration's functions has been cleared away. In those enterprises, party organizations have been freed from routine administrative affairs and have effectively strengthened the party's ideological and organizational work.

We should understand that after the adoption of the plant director responsibility system, party organizations in enterprises will shoulder more arduous rather than easier tasks. First, they must guarantee and supervise the socialist orientation of enterprise production and operations; second, they must guarantee and supervise the full exercise of the workers' democratic rights; third, they must guarantee and supervise the correct handling of the interest relations between the state, the enterprise, and the workers; fourth, they must guarantee and supervise the observance of law and discipline and must safeguard the legitimate interests of the state and the enterprises; fifth, they must guarantee and supervise the correct implementation of the party's policies by the enterprise and the plant director. In addition, enterprise party organizations should also educate bravely and properly, and party organizations must support reform. They should support cadres and workers who are playing a pioneer role in reform and should warmly help them correct errors and deviations and encourage them to carry on reform. The party organizations should guarantee and supervise the smooth development of reform. The fulfillment of these tasks will certainly improve and strengthen the party's leadership over the enterprises rather than weakening this leadership.

At present, we are in a key period of transition from the old to the new. In order to accomplish this change, we must continue to strengthen and improve the party's leadership. Improvement is for the purpose of strengthening leadership. The implementation of the plant director responsibility should be brought into line with the orientation of economic structural reform under the party's leadership. Changing the basic functions of enterprise party organizations from guiding work in all fields and deciding all important things in production and operations to guaranteeing and supervising production and administration is itself a major reform measure. It is an arduous task to accomplish this reform, including the reform of the thought style and work methods. We believe that in the course of implementing the plant director responsibility system, enterprise party organizations will more actively support the plant directors in performing their functions and duties, and the plant directors will be more conscientious in subjecting their work to the supervision of party organizations at all levels, the working masses, and the administrative departments concerned so as to improve and strengthen enterprise management and to make greater efforts for the development of socialist material and spiritual civilization.

GUANGMING RIBAO ON DUAL CHARACTER OF LABOR

HK081408 Beijing GUANGMING RIBAO in Chinese 26 Jul 86 p 3

[Article by Huang Shixiong: "Labor Has a Dual Character Under Socialist Conditions"]

[Text] Under socialist conditions, labor has the dual character of being both a commodity and not a commodity.

Why is it that under socialist conditions, labor still has the attribute of a commodity to a certain degree?

First, labor must circulate through a market exchange. As in the trading of a commodity, both sides freely make contracts as different owners. The circulation of labor is the transfer of labor among different trades, different areas, different departments, and different enterprises. Given a commodity economy, the circulation of labor, like the circulation of the means of production, cannot work without market exchange. Market exchange always involves two sides. Both sides treat each other as different owners. An exchange must suit the will of both sides. In a labor exchange, one side is the owner of labor -- the laborer -- and the other side is the enterprise that directly owns, controls, and uses part of the means of production owned by all the people. In form, a labor exchange manifests itself as the trading of labor. Such trading is realized through a contract or agreement signed by both sides. For example, given the introduction of the contract labor system, the recruitment of new workers by an enterprise through a contract or agreement gives expression to such trade relations. The contract specifies the duties assumed by laborers after they join the enterprise, wages, period of work, rights and obligations, and so forth. During the validity period of the contract, laborers place their own labor at the disposal of the enterprise in exchange for a certain wage and other benefits.

Second, like the exchange of commodities, a labor exchange is affected by the law of demand and supply and the law of competition. On the labor market, increased supply will give rise to employment-related competition, preventing a rise in wages. On the other hand, an increased demand for labor, especially for skilled personnel, will give rise to competition on the part of user units and an increase in pay for skilled personnel.

Then why is is that under socialist conditions, labor is also not a commodity? This is basically determined by the nature of the system of ownership of the means of production.

First, a laborer is the joint owner of the means of production. Once committed to the process of production, he asserts himself as the master. As a member of a group forming an enterprise, the laborer enjoys the same rights as other masters on an equal footing, participating in the control of the production process and in enterprise management, instead of being under the supervision and control of anyone outside the colony of laborers. A laborer is carrying out production for the whole body of laborers, including himself, and the colony of laborers in a given enterprise, not for anyone outside such a scope. The products produced are owned by the public and not possessed by anyone else.

Second, the enterprise as a buyer of labor is composed of laborers. It is actually a colony of laborers. [paragraph continues]

Therefore, labor trade relations are, in essence, relations between individual laborers and the colony of laborers. All laborers enjoy equal rights and are entirely the same. When he acts as the seller, the colony made up of the rest of the laborers is the buyer. When a laborer is the seller, he is also a buyer in a colony. Therefore, no person enjoys privileges different from the rest. There is neither a sole seller of labor nor a sole buyer of labor. This is what differs from the trading of labor under capitalist conditions.

Third, the trading of labor under socialist conditions is dictated by the law of distribution according to work. The socialist wage is not a form of conversion of the value of labor, but instead is the portion of the products of labor after social deductions distributed to laborers individually according to work for consumption, that is, a part of necessary labor. What is reflected is the relations of material interests between laborers as individuals and the collective and the whole body. Therefore, given the circulation of labor and thus changes in wages, the center of a change in wages in the value of necessary products. It is different from what determines the value of labor under capitalist conditions. The means of subsistence needed by socialist laborers are not confined to such a low level as keeping an individual and his family alive. They should include the means of enjoyment conducive to a laborer's physical and mental health and the means of development that allows the development and demonstration of his physical power and mental faculties, and should allow expression of laborer's full enjoyment of the fruits of his own labor.

In sum, under socialist conditions, labor has the dual character of being a commodity and not a commodity. Its main aspect is the character of a non-commodity. But we must also note that labor owned by laborers individually still retains certain attributes of a commodity. A labor exchange still calls for adopting the form of a commodity exchange expressed as the trading of labor. Some comrades advocate the realization of the circulation of labor through a market exchange, but deny that labor still retains certain attributes of a commodity. This does not hold water logically. The market is the place for the exchange of commodities and is tied up with trade relations. It is inconceivable if, on the one hand, we recognize a labor market, admitting that the exchange of labor must be through the market, and, on the other hand, argue that there is no buyer or seller and not a trace pointing to the exchange of commodities. Conversely, the viewpoint that recognizing the labor market means turning labor into a downright commodity is also not in order. This view disregards public ownership of the means of production and refuses to recognize changes in both sides concerned as an exchange. It is incompatible with the realities of socialist economic life.

ZHAO ZIYANG EXTOLS SHANTOU SPECIAL ZONE

HK100753 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 31, 4 Aug 86

[Article by LIAOWANG reporter: "Zhao Ziyang and Other Leaders Talk About the Shantou Special Economic Zone"]

[Text] Editor's note: This February, leaders of the central authorities like Zhao Ziyang, Hu Qili, Tian Jiyun, and others made an inspection of the Shantou Economic Zone and affirmed Shantou's experiences in setting up the economic zone in conversations with the local cadres. Recently, other gratifying news has come from the Shantou special economic zone: all the economic development targets of the first half of this year increased by a big margin over the corresponding period of last year and the total industrial and agricultural output value and the total agreed investment have all increased by 100 percent. [paragraph continues]

The following report by this journal has recorded the main points of the talks made by Zhao Ziyang and his party.

It Is a Good Experience To Make Less Investment But Gain More Returns

On 4 February, after Zhao Ziyang and his party inspected several enterprises solely owned by foreign or Hong Kong businessmen or jointly owned by foreign or Hong Kong businessmen and China in the economic zone and the special zone wharf, they had informal discussions with the officials of Shantou City and the economic zone in the afternoon and the next morning. Leaders of Shantou City reported to Premier Zhao that reform and opening up to the outside world have brought about a golden age in the economic development of Shantou. Shantou has existed as a commercial port for over 100 years, with over 6 million Overseas Chinese residing in every part of the world. Being of good cultural quality and good at doing business, the people of Chaozhou and Shantou always have a tradition of careful calculation and strict budgeting. These advantages have been fully exercised in the reform and opening up to the outside world and promoted the vitalization of the economy in Shantou. The vigorous Shantou Special Economic Zone is particularly inspiring. The construction of the special economic zone began in 1981, and the construction of the infrastructure in the industrial district was started in September of the next year. The investment in capital construction over the last 4 years is 180 million yuan, which began to be recovered 2 years ago. By the end of 1985, the accumulative recovered investment and the profit and taxes handed over to the state amounted to 45 percent of the total investment.

Leaders like Premier Zhao Ziyang and others expressed appreciation over this. He said: I am relatively familiar with Shantou which became a commercial port long ago and is an excellent harbor. In a certain sense, the commercial contacts we are talking about refer to harbor conditions. In coastal places which were open to the outside world long ago, the quality of the people and the business management level of the people is quite different from other places. The people in Chaozhou and Shantou are very diligent and have attained a relatively high level of business management. The influence of the overseas Chinese from these places is not small and they love the motherland and their hometown very much. The light industry in Chaozhou and Shantou is well-founded and the agriculture there also has special characteristics. However, in the past, because of the practice of shutting the door against the world and the shackles of the "leftist" ideology, it was difficult to bring into play these advantages. The carrying out of reform and the policy of opening up to the outside world and invigorating the domestic economy is to create conditions for bringing into play these advantages. It is right that Shantou district makes use of these favorable conditions, seizes the opportunities to develop its strong points and avoid using its weak points, brings into play its advantages and develops the economy. Since the 3d Plenary Session of the 11th CPC Central Committee, great changes have taken place in the Shantou district, and the situation here is excellent. This approach is correct. Hu Yaobang visited here and also affirmed this point.

Premier Zhao said that it is a very good experience that the Shantou Special Economic Zone makes a small investment but procures big, fast and good returns. Previously, some of our projects needed a big investment but produced small returns and required a long turnover period. For example, the digging of a gallery took up as long as 7 years before coal could be produced by the coal mine. [paragraph continues]

However, those people who raise loans to run coal mines do so in quite a different way. They do not dig long galleries but can produce coal in a couple of years. I think that you have done pretty well such as opening up a small piece of land and setting up some factories; so many factories have been built. Agriculture is also good, and so many products have been produced which need a small investment but produce big returns. This is a good experience and approach.

In Shantou, Hu Qili especially hosted a discussion to learn about the efforts of the special zone to grasp the building of material civilization while grasping the building of spiritual civilization. He repeatedly pointed out that the Shantou Special Economic Zone has two experiences: First, to have a short turnover period of production, good economic results and high foreign exchange-earning capability through export trade; and second, the characteristics of China's socialist modernization construction are embodied in promoting both the economic construction and the building of spiritual civilization.

Vice Premier Tian Jiyun said: I have heard and seen a lot and I am deeply impressed that both the urban and rural areas in Shantou are flourishing and thriving. After visiting both the old and new urban areas, I can sense the pace of our country's progress. The approach of Shantou is correct, which is very significant for the development of the coastal areas.

To Affirm the Principle of Acting According to Capabilities and Developing Areas One by One

During the discussion, the responsible persons of the Shantou Special Economic Zone noted that although the Shantou Special Economic Zone started late, receives a small investment and is developing on a small scale, it is advancing steadily and firmly and always persists in the principle of acting according to capabilities, developing areas one by one, attaching importance to efficiency.

Premier Zhao Ziyang fully affirmed this principle. He said that relatively speaking, your pace is a little bit slow, but you gain your own experiences from it, which is acting according to your capabilities, developing areas one by one, going about things steadily and surely and developing step by step. It is a very good approach "to open up and build areas one by one and also commission them and make profits from them one by one."

In the first 2 years of the exploration of the Shantou Special Economic Zone, only an area of 0.2 square km was opened up. After the infrastructures were built, the factories were set up, and the required items were introduced in this area, another area of 0.2 square km was opened up. The special zone officials said that another area of 0.2 square km will be opened up this year, and that after the construction of this area is completed and the required capital is gathered, they will consider more expansion.

Premier Zhao said that it is okay to open an area of 0.2 square km per year. After an area of 0.2 square km is opened up and the construction of it is completed, you can open up another area of 0.2 square km and complete the construction there. You should not open up an area so large that the construction there can not be completed in several years and spend all the capital on the construction of infrastructure. It is necessary to develop areas one by one and concentrate your efforts on setting up well several factories in each area. [paragraph continues]

If you can not afford the investment in a large area, you can open up a small area. A small area needs less capital but can produce quick returns, which is favorable to attracting foreign and Hong Kong businessmen. The small areas can slowly develop to become large areas and produce large returns. This is also to use the short-term returns to support the long-term returns. When the foreign businessmen first visit the special economic zone, they often make their trip an exploratory one. After they are sure that our policies are consistent and the returns are good, they would naturally bring sophisticated technology and enormous capital into the special economic zone.

During the conversations with the responsible persons of Shantou City and personages related to the special economic zone, Premier Zhao repeatedly stressed the importance of actively developing and straightening external and internal economic relations, so as to make the economy develop outwardly and constantly increase the capability of earning foreign exchange through export trade.

The responsible persons of the Shantou Special Economic Zone reported that the total export value of the special economic zone in 1985 accounted for over 60 percent of its total industrial and agricultural output value and reached over 80 percent of the total industrial and agricultural output value if the export products processed by the special economic zone for the interior are also included. Premier Zhao was pleased to hear that and said that it is marvellous that the Shantou Special Economic Zone can earn foreign exchange through exporting industrial products and exporting the agricultural sideline products after processing. This is the correct direction.

Premier Zhao told the leaders of the Shantou City and the special economic zone that the advantage of its products lies in the international market. To a great extent, the future of the economic development here is decided by the capability of earning foreign exchange. The more foreign exchange you make, the brighter future you will have. If you can not earn much foreign exchange and only rely on the central authorities and other places in the country to provide the conditions for you, the way to developmenet will not be very open for you. To invigorate the economy here, you should mainly do two things; first, strengthen cooperation with the other parts in the country. Strengthening cooperation with foreign countries can play a decisive role. Strengthening cooperation with the other parts in the country is also very important; and if you can do it well, you will have more resources. Integrating your advantages of cleverness and deftness, quick information, and shrewdness with the advantages of other places' resources, you can bring into play your strong points and avoid your weak points, thus forming greater productive forces.

Premier Zhao and other leaders of the central authorities expressed appreciation of the efforts of Shantou and the special economic zone to develop an agriculture sector which can earn foreign exchange. While talking about the readjustmenmt of the production structure, the increase in the export of fruit and vegetables, flowers, and processed agricultural sideline products, Vice Premier Tian Jiyun said: I agree to create conditions here to engage in barter trade and to barter the export products for grain. In addition to agricultural products, the industrial products as well as the machinery and electrical products can also become barter goods. Another thing that Premier Zhao mentioned before: to consider the amount of import grain according to the rate of increase of the export volume. Both of these two ways can be considered. I think that there is great potential in this aspect and hope that you will blaze a new trail, he said.

JINGJI RIBAO ADVOCATES BANKRUPTCY SYSTEM

HK100717 Beijing JINGJI RIBAO in Chinese 2 Aug 86 p 2

[Article by Yuan Mu: "The Implementation of the Enterprise Bankruptcy System Is a Historical Inevitability"]

[Text] 1. The Implementation of a Bankruptcy System Is a requirement of Developing the Country's Socialist Commodity Economy.

Our party has established the guiding principle of vigorously developing a socialist commodity economy. The reform of the economic structure must be carried out in this direction. The birth of a bankruptcy system will be inevitable in the course of this reform. The implementation of a bankruptcy system accord with the development of our socialist commodity economy. The reform of the economic structure requires us to properly do our work in order to smoothly implement a bankruptcy system. We must first have a clear understanding of this. To allow enterprises to go bankrupt and fold and carry out bankruptcy proceedings means legalizing and systematizing the means for dealing with enterprises that are on the verge of bankruptcy or actually go bankrupt due to heavy losses caused by poor management. This is the requirement of China's reforms and of developing its socialist commodity economy.

2. Bankruptcy, Closing Down, and Eliminating the Backward Indicate Historical Progress

Given a socialist commodity economy, it is necessary to apply the principle of survival the fittest. Is it a positive or negative phenomenon for a backward enterprise to go bankrupt and be eliminated? My opinion is that from the viewpoint of the general trend of historical development, this means progress. Some people have suggested that the purpose of making a enterprise bankruptcy law is not to encourage the enterprises to go bankrupt but to arouse people's enthusiasm and to make our enterprises a further success. This is, in a way, correct. However, one must also be able to see that some enterprises are indeed poorly managed. As far as a society is concerned, it means the survival of the fittest. Through competition we should eliminate those that are indeed backward. Why should we protect those enterprises which apply obsolete technology, whose facilities and equipment are worn out, and which cannot sustain production? What good can we do to ourselves by subsidizing them and propping them up with the money made by advanced enterprises?

3. Socialism Requires Us To Inherite and Carry Forward All the Good Things of Human Societies

According to Lenin, under socialist circumstances, in order to make socialist construction a success, it is necessary to accept and use all the good things accumulated in human history, including those good things accumulated under a capitalist system. it is not necessary to avoid this new view. At present, there are some who still consider "bankruptcy" a capitalist term whenever it is mentioned. Not all things capitalist are bad. It is necessary to analyze them. Lenin had proposed a formula to define socialism. He said: Socialism means the Soviet system plus Prussian railroad management plus the organization and technology of U.S. trusts plus the U.S. national educational system and so on. In this formula, with the exception of the Soviet system, which is a socialist product, all the terms are products of capitalist systems. [paragraph continues]

Socialism does not come from the heavens. If socialism does not require us to inherit the fruits of advanced human civilizations, including those advanced management practices which are introduced under a capitalist system and which is consistent with the laws governing the organization of mass production, socialist construction and reform will be out of the question! If, when we look at problems, we do not look at them from the viewpoint of historical materialism but stubbornly dwell on terms and words, we will not be able to make any progress. Enacting a bankruptcy system and pursuing capitalism are two different things. First, we must understand that we should study certain advanced methods existing under the capitalist system that accord with China's socialist construction requirements, including certain management and legal methods and so on and that absorbing these things and following the capitalist road are two different concepts and should not be confused. We need those advanced types of technology, advanced management methods, and advanced types of organizations existing under the capitalist system, such as stock companies. Why do we not use them and appropriately transform them in light of the country's socialist characteristics and national conditions in order to adapt them to our socialist orientation? According to Comrade Deng Xiaoping, we should first hold firm to public ownership and, second, adhere to the principle of coprosperity, that is, the principle of distribution according to work. Only by adhering to these two points and using whatever is good can we become great strategists. If we can unswervingly adhere to these two points, we will never end up capitalits.

4. We Cannot Passively Wait for the Completion of the Reforms in Related Areas

As a result of several years of reform practice, China has created many basic conditions. In these circumstances, the basic conditons are now ripe for instituting the practice of enterprise bankruptcy, and this accords with the requirements of socialist commodity production. As for complementary conditions, such as the reforms regarding social security and the problem of providing for unemployed workers, the price reforms, and the substitution of taxes for the delivery of profits, although we have not created all of them, we have introduced the guiding principles for their creation. For example, the principles concerning price reforms are being established. If we do nothing until all conditions are ripe for the price reforms, one may wonder how long we must wait. On the other hand, both basic and complementary conditions are required for the establishment of an enterprise bankruptcy system and the enactment of various reform measures. However, these reform measures can make conditions ripe once they are enacted. They simply interest as both cause and effect.

RENMIN RIBAO ON ENTERPRISE DECISION-MAKING POWERS

HK100718 Beijing RENMIN RIBAO in Chinese 8 Aug 86 p 1

[Commentator's Article: "The Purpose of Putting Enterprises Under a Lower Administrative Level Is to Emancipate Them"]

[Text] In the reform of the economic structure, the various central departments, provinces, municipalities, and autonomous regions have transferred the enterprises directly under their control to the key cities for management. It is an issue that requires earnest study at present to properly exercise management over these large-and medium-sized enterprises so as to give full play to the role of cities as economic centers, to enable the government to strengthen macroeconomic control, and to accelerate the pace of the modernization program.

The purpose of putting enterprises under a lower administative level is to emancipate and invigorate them. Under the management system in which government administration was not separated from enterprise management, enterprises were bodies attached to the administrative departments either under the direct management of the central departments or the provinces, municipalities, and autonomous regions. They did not have decision-making power regarding production, supply, and marketing or personnel and financial affairs. In order to emancipate enterprises, we should free them from the state of being subsidiary bodies of the administrative departments and turn them into relatively independent producers and operators of commodity production. In this respect, the key cities shoulder the great responsiblity of emancipating enterprises.

Some comrades simply regard putting enterprises under the management of the key cities as a change of ownership and "mother-in-law." Such a view shows no understanding of the essence of the matter or of the significance of the reform of the economic structure. On the basis of the predominance of the socialist ownership system, the purpose of the reform of the economic structure, which includes delegating the management power of enterprises, is to transform the rigid, old economic system that took shape over the years, establish a vigorous new economic system, and fully develop a planned socialist commodity economy. If the question of ownership of enterprises deviates from this point, enterprises will almost inevitably still be regarded as bodies attached to the administrative departments, and the change will only be from a higher-level government to a lower level one. Regarding enterprises, it is simply a change from "regional" or "departmental dictatorship."

After enterprises are put under the administration of the key cities, the "mother-in-law" will change, but not from the "Elderly Mrs Jia," the domineering mother-in-law in the "Dream of the Red Chamber" to "Sister Feng," the domineering housewife, which would still mean exercise of rigid management over enterprises. Enterprises need enlightened "mother-in-laws" who treat them as relatively independent producers and operators of commodity production, exercise leadership according to the laws of commodity economy, and enthusiastically serve them.

There is a great deal of work to be done to emancipate enterprises. The crux of the matter lies in extending and respecting the decision-making power of enterprises and ensuring the decision-making power of enterprises in operation and management under the guidance of state plans, which include enterprises having the right to establish lateral economic ties according to the laws of commodity production and factory directors (managers) having the right to appoint and remove mid-level administrative cadres, and reward and punish workers in light of the stipulations of the CPC Central Committee and State Council. The State Council and the governments of various provinces, municipalities, and autonomous regions have laid down a number of regulations on extending the decision-making power of enterprises which have been well-received by enterprises. The problem is that these regulations are not entirely implemented. In certain localities, the decision-making power delegated to enterprises has been regained by the responsible bureaus of companies. As factory directors (managers) had responsibility without the corresponding power and benefits like that in the past, it was difficult for them to run the enterprises well according to the laws of commodity production. In order to invigorate enterprises, we must put an end to such a state of affairs as quickly as possible. Naturally, new problems may occur after extending the decision-making power of enterprises. These problems should be solved by earnestly summing up experience and carrying out further reforms. Retrogression will lead us nowhere.

STATE COUNCIL SETS UP LAND ADMINISTRATION BUREAU

OW091727 Beijing XINHUA in English 1439 GMT 9 Aug 86

[Text] Beijing, August 9 (XINHUA) -- The State Council, China's highest government body, has just set up a new department in a bid to tighten unified control of land throughout the country. Wan Xianjin, director of the new State Land Administration Bureau, said today that the new department is responsible for formulation and implementation of China's land policies, laws and regulations, and drawing up the nation's overall and annual plans for the use of land.

"Our bureau will examine land-use plans submitted by province-level authorities, and take charge of nationwide land surveys, statistics and registration, as well as land requisition and allocations," he added. Moreover, the bureau will oversee the use of land all over the country, coordinate solutions to major problems relating to the use of land, investigate major cases violating China's land management regulations and help solve disputes over land. The State Council has decided to set up land management offices down to the township level -- the country's grass-roots administrative unit.

CONTRACT LABOR REGULATIONS SLATED FOR THIS YEAR

OW110238 Beijing XINHUA in English 0126 GMT 11 Aug 86

[Text] Beijing, August 11 (XINHUA) -- China this year will publish regulations concerning the dismissal of workers by state-owned enterprises for violating work rules, Gao Shangquan, deputy director of the State Commission for Restructuring the Economy, said today. Also published will be regulations on recruiting workers and on labor insurance for the unemployed, as part of the effort to improve the contract labor service system now being tried out in a selected number of areas.

The system will become applicable nationwide with the publication of the fourth regulations specifying policies and rules, Gao said. It was first introduced five years ago to break the "iron bowl practice" which gives workers jobs for their lives. The country now has 3.5 million contract workers, accounting for five percent of its total industrial labour forces, according to earlier news reports.

BONDS ISSUED FOR ENTERPRISE DEVELOPMENT

OW090616 Beijing XINHUA in English 0611 GMT 9 Aug 86

[Text] Beijing, August 9 (XINHUA) -- The Industrial and Commercial Bank of China is issuing financial bonds of 1.5 billion yuan to China's urban residents this year, according to today's "ECONOMIC DAILY". The money thus raised will be used as loans to aid the development of urban collective-owned enterprises, the paper said. The bank has already issued more than 490 million yuan of bonds over the past year, the paper added.

ANHUI GOVERNOR SPEAKS AT HARVEST MEETING

OW091428 Hefei Anhui Provincial Service in Mandarin 1000 GMT 8 Aug 86

[Excerpts] The provincial government convened a telephone conference on the evening of 7 August, at which it called on people throughout the province to grasp autumn production firmly and well in order to wrest an all-round bumber harvest this year. Governor Wang Yuzhao and Vice Governor Meng Fulin took part in the conference and also spoke.

The conference pointed out: A good situation, with all-round increased agricultural production, has emerged in our province since the beginning of this year. The conference called on leaders at all levels to persistently endeavor to do a good job in autumn agricultural production, which is crucial to an all-round bumper harvest by the end of this year.

First, they must persist in wresting bumper harvests by combatting natural disasters, and continue to make preparations for combatting floods, drought, and other natural disasters. [passage omitted]

Second, they must help disaster areas to help themselves by increasing production. [passage omitted]

Third, they must strengthen field management with emphasis on controlling and combatting plant disease and inspect pests [passage omitted]

Fourth, they must make early arrangements for autumn sowing. While they should concentrate on wheat, they also should appropriately expand the acreage of rapeseed. [passage omitted]

Fifth, they should begin construction and repairing of water conservation projects. [passage omitted]

Sixth, leaders at all levels should pay attention to developing rural enterprises.

Seventh, they must continue to strengthen leadership and mobilize all trades and enterprises to support autumn farming. [words indistinct]

FUJIAN CONDUCTS VILLAGE-LEVEL RECTIFICATION

OW081351 Fuzhou Fujian Provincial Service in Mandarin 1030 GMT 7 Aug 86

[Text] The Fujian Provincial CPC Committee not long ago circulated its views on conducting village-level party rectification. It emphatically pointed out: In conducting village-level party rectification, we must adhere to the guideline of carrying out reform and ensuring economic development, pay attention to educating people by positive example, and vigorously help the broad masses of people members raise their awareness. It said: In order to do a good job in carrying out party rectification at the village level, we must pay attention to the following four points:

1. We must help party members fully understand the fundamental aims of the party, foster the concept of wholeheartedly serving the people, and truly become pacesetters in carrying out reform and construction in the countryside.

2. We must correctly understand the party's various policies in carrying out reform and developing the economy in rural areas; adhere to the policy of making reform, opening the country to the outside world, and invigorating the domestic economy; and lead the masses to become well-to-do by working harder than ever and achieve common prosperity.

3. We must earnestly solve those problems people inside and outside the party are most concerned about, and investigate what people complain about most.

4. We must strengthen the leading bodies of party branches.

In conducting village-level party rectification, we must solve serious problems involving village-level party members and cadres who have made use of their authority to seek private gains and grossly violated state laws and party discipline.

The provincial party committee pointed out: We must correctly understand and firmly implement the guideline of solving problems without creating chaos, and regard a locality's efforts to truly solve problems as a criterion to determine the success or failure in conducting party rectification in that particular locality. In conducting village-level party rectification, we must cover a vast area but have only limited time to achieve our goal. Our tasks are arduous, and the situation we face is complicated. In addition, village-level party rectification involves many important issues of policy. Therefore, we must strengthen our leadership and guidance in conducting party rectification. All prefectural and city party committees should concentrate their efforts on providing proper guidance. The party committees of the various counties must assume responsibility for leading the work of conducting party rectification and send out cadres to help in carrying out party rectification. Party committees at all levels, particularly those comrades in charge of party rectification, must visit the party branches in the various villages to conduct investigation and study, gather firsthand information, and strengthen their leadership. Competent cadres must be sent out to help units with many problems tackle them.

SHANGHAI EXCHANGE BANK SUPPORTS JOINT VENTURES

OW091228 Beijing XINHUA in English 1213 GMT 9 Aug 86

[Text] Shanghai, August 9 (XINHUA) -- The Shanghai Branch of the Bank of China, the country's only foreign exchange bank, approved loans of 290 million yuan and 86 million U.S. dollars to enterprises involving foreign investment in Shanghai during the first seven months of this year. This is double and five times, respectively, of the total loans to such enterprises in the previous six years.

Now, Shanghai, China's biggest industrial city, has 184 Sino-foreign joint ventures, cooperative enterprises and sole foreign investment enterprises. Loans have been granted for 49 of them.

The Shanghai Volkswagen Automotive Company Ltd, a joint venture between China and Federal Germany which started production last September, got a loan of 100 million yuan. With the branch bank's support, the company is expected to produce 8,000 "Santana" cars this year.

The Shanghai Yaohua Pilkington Glass Company Ltd, a Sino-British joint venture now under construction, reached an agreement with the bank last month for a loan of 70 million yuan and 36 million U.S. dollars.

The bank has also decided to provide the Shanghai Bell Telephone Equipment Manufacturing Company Ltd, a joint venture between China and Belgium, with 46 million U.S. dollars and 11 million yuan to promote the factory's production of up-to-date digital-controlled telephone exchanges.

Su Dechang, deputy manager of the bank's Foreign Exchange Credit Department, said his bank gives priority to joint-venture enterprises which are technology-intensive and can manufacture products to replace those that China usually imports.

Those that can produce for export are also good customers of the bank, Su said.

The Shanghai Branch of the Bank of China has also opened international transfer credit, mainly for the service industry at least six hotels and trade centers jointly run by Chinese and foreign investors now under construction have used such credit.

SHANGHAI'S JIANG ZEMIN ON FOREIGN INVESTMENT USE

OW082333 Shanghai JIEFANG RIBAO in Chinese 5 Aug 86 p 1

[Text] Shanghai's Mayor Jiang Zemin made a speech at the meeting held yesterday to mark the fifth anniversary of the founding of the Shanghai Combined Woolen Textile Company Ltd. He said: The success of this company not only proves the correctness of the Chinese Government's policy of opening the country to the outside, but also sets Shanghai a good example of making use of foreign investment.

Jiang Zemin congratulated the company on its contributions to developing the four modernizations program. He pointed out: In order to create a new situation in Shanghai, the key lies in opening the city to the outside world and attracting more foreign investment. This is our firm policy. Those friends who are interested in making investments in Shanghai: Please firmly believe in this policy. Currently, some difficulties and problems remain in attracting foreign investment in Shanghai. The relevant departments in the municipality are studying and tackling the issues. They will work out a rational system and feasible rules and regulations to improve the environment for investment in Shanghai.

Duanmu Xihua, general manager of the woolen textile company, made a work report at the meeting. Tang Xiangqian, vice chairman of the company's board of directors, made a special trip to Shanghai to attend the meeting. He also delivered a speech. Also attending the meeting were Deputy Mayor of Shanghai Li Zhaoji; Honorary Chairman Zhang Chengzong of the Society for Economic Development in Shanghai and Hong Kong, Vice Chairman Tang Junyuan of the Shanghai Municipal CPPCC Committee; and the leading comrades of various commissions and general offices.

GUANGDONG SENDS LIAISON PERSONNEL TO RURAL AREAS

HK071158 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 6 Aug 86

[Text] From 25 July to 5 August, the Party Rectification Guidance Office of the provincial CPC Committee held a meeting in Guangzhou of liaison personnel for party rectification at the township level. The meeting trained 500 cadres from provincial organs. These cadres will go to 15 counties and cities in the province in mid-August and act as liaison personnel for party rectification at the township level. Wang Ning and Guo Rongchang, deputy secretaries and Party Rectification Guidance Office deputy directors of the provincial CPC Committee, spoke at the meeting.

SHENZHEN MAYOR ON ZONE'S ECONOMIC TRANSITION

HK071358 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1440 GMT 6 Aug 86

[Report by Wu Yixun: "Shenzhen Mayor Li Hao Says That the Shenzhen Special Economic Zone Will Undergo a Transition From a Founding Stage to a Mature State"]

[Text] Shenzhen, 6 Aug (ZHONGGUO XINWEN SHE) -- Shenzhen Mayor Li Hao said at a large meeting here today that in 3 years' time from the second half of this year, the Shenzhen Special Economic Zone will undergo a transition from a founding stage to a mature stage.

Li Hao said: The mature stage has four characteristics: 1) The special economic zone's economic mode will cover a free economy, independent enterprises, a high degree of opening up, and special policies. 2) An outward-oriented economic system with industry as its main component will be established under which we can combine industry with trade, increase foreign exchange earnings through exports, and form a rational industrial structure and product mix. It will export 60 percent of its industrial products, improve its ability to increase foreign exchange earnings through exports, and enable its enterprises to strike a positive balance of foreign exchange. Taking its total export of $700 million for this year as a basic figure, it will increase its foreign exchange earnings through exports by $100 million a year. Three years later, that is, by 1989, it will increase its foreign exchange earnings through exports to $1 billion. 3) It will further perfect its legislation and establish its preferential policies in a legal form. A duty free system will be implemented within the special economic zone so as to facilitate entry and exit for people from Hong Kong, Macao, and abroad and to gradually turn it into a free trade zone. 4) It will keep its fine national ideological and cultural traditions and raise spiritual civilization to a new height.

According to the above ideas, Li Hao said that the work of the special economic zone for the second half of this year is as follows: It will strive to fulfill various economic targets set at the beginning of this year and will make great efforts so that its GNP will amount to 3.3 billion yuan, its gross industrial output value 3 billion yuan, its revenue 850 million yuan, and its foreign exchange income 1.15 billion yuan. It will further improve the environment for investments. It will work out an overall, well coordinated, and perfect reform plan. It will explore an economic mode suited to the economic structure of the special economic zone.

Reviewing the work for the first half of this year, Li Hao said: In some important economic fields, the special economic zone has extricated itself from the most difficult predicament and thus enabled its economy to embark on the road of steady, sustained, coordinated, and healthy development. This has manifested itself as follows: It has controlled the scale of capital construction, and its capital construction target for this year has increased from 1.65 billion yuan to 2 billion yuan. Bank credit funds are beginning to relax. By the end of June, bank deposits stood at 3.6 billion yuan, an increase of 748 million yuan over the beginning of last year and a rise of 26.2 percent. The balance of loans was 5 billion yuan, an increase of 90 million yuan. The debit difference in deposits dropped from 2.06 billion yuan in the beginning of this year to 1.4 billion yuan, a decrease of 32 percent. Eighty-seven new industrial enterprises were put into operation in the first half of this year. Most of these enterprises are equipped with advanced technology and have strong competitiveness, thereby improving the reserve strength of the city's industrial development.

HENAN CADRES URGED NOT TO RELAX RECTIFICATION WORK

HK100350 Zhenzhou HENAN RIBAO in Chinese 29 Jul 86 p 1

[Report by Wang Zhijie: "The Provincial Discipline Inspection Work Conference Stresses That the Work of Rectifying Party Work Style Should Not Be Relaxed"]

[Text] The provincial discipline inspection work conference which ended on 26 July, emphatically pointed out: The work of rectifying party work style should not be relaxed. The vast numbers of discipline inspection cadres should understand, and have an intimate knowledge of, the economic and reform conditions in their localities and strive to serve, support, and protect the reform.

At the meeting, the spirit of the discipline inspection work forums in East and Central South China was relayed and the experiences of various localities and cities in rectifying party work style were exchanged. Lin Yinghai, secretary of the provincial Discipline Inspection Commission, spoke at the meeting.

Comrade Lin Yinghai said: After several years of hard work, a favorable momentum has emerged in the work of rectifying party work style in our province. A situation whereby the whole party pays attention to party work style has initially taken shape, yielding positive results. However, a small number of units are still slow to react or fail to take strong measures. There are also some people who mistakenly hold that the work of rectifying party work style has been relaxed. In truth, the central policy has not changed. Party organizations at all levels should neither hesitate nor waver. They should not act unhurriedly but should persevere in grasping party work style and do practical work to tackle tough problems. Comrade Lin Yinghai said: A good or bad party work style has a direct bearing on the success or failure of the reform. Unhealthy practices have hindered not only the normal progress of economic work but also the smooth progress of reform in various trades. The relationship between engaging in the four modernizations, rectifying party work style, and carrying out the reform is one between the body and the two wings. Only when the two wings flap together is it possible for the great cause of the four modernizations to take off. While carrying out the reform, rectifying party work style, and grasping economic work, all departments should pay attention to rectifying unhealthy practices. Only in this way can the reform and the rectification of party work style promote each other. [paragraph continues]

Comrade Lin Yinghai called on the vast numbers of discipline inspection cadres in our province to conscientiously study the party's principles and policies in the new period, to understand, and familiarize themselves with, the economic work and reform conditions in the localities, to serve, support, and protect the reform, and to investigate and punish those who obstruct and sabotage the reform.

On the question of how to understand the importance of effecting a fundamental turn for the better in party work style, Comrade Lin Yinghai said: There is only a little more than a year for us to fundamentally improve party work style as laid down by the 12th CPC National Congress. Some prefectures and cities have put forward criteria for judging a fundamental improvement of party work style. Should the province establish a unified criterion? We do not think there is a need for it. However, there must be one condition that is, a good party work style must be approved by the masses. So long as party committees and discipline inspection committees at all levels resolutely and perseveringly grasp this work in line with the instructions and plans of the CPC Central Committee and the provincial party committee, it is possible to rapidly effect a fundamental turn for the better in party work style.

HUBEI LEADER URGES CRACKING DOWN ON ECONOMIC CRIME

HK071346 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 6 Aug 86

[Text] On 3 August, at a meeting of all prefectural, city, and autonomous prefectural chief procurators, directors of the offices for cracking down on economic crimes, court presidents, and judicial bureau directors throughout the province, Zhao Fulin, deputy secretary of the provincial CPC Committee, spoke. He stressed: It is necessary to wage a penetrating struggle against economic crime and to support and promote the healthy development of reform.

Zhao Fulin said: The aims of both reform and cracking down on economic crime are identical and are to eliminate malpractices in society, to develop the social productive forces, and to do a good job in the four modernizations. They rely on and promote each other and cannot be antagonistic to each other. To develop reform healthily, it is essential to have good party style and general mood of society as a guarantee. Likewise, to do well in grasping cracking down on economic crime, it is imperative to have success in reform. Only by constantly and penetratingly perfecting reform and ensuring that there are regulations and laws formulated for all economic activities can all loopholes be effectively stopped up and the number of economic crimes greatly reduced.

Zhao Fulin demanded: In our practical work, we must really and organically link grasping reform with grasping cracking down on economic crime. We must both crack down and give assistance. That is to say, we must both resolutely crack down on economic criminals who avail themselves of the loopholes of reform and in accordance with the problems of economic management discovered in the course of handling of cases, help the units handling cases sum up experiences and lessons, establish regulations and systems, stop up loopholes, and promote the economy. We must sternly crack down on economic crime, take a clean-cut stand in supporting reform, and warmly help the comrades who make mistakes in the course of reform to correct their mistakes and continuously advance.

WUHAN GOVERNMENT WARNS ENTERPRISES ON BANKRUPTCY

OW100714 Bejing XINHUA in English 0649 GMT 10 Aug 86

[Text] Wuhan, August 10, (XINHUA) -- Wuhan City Government in central China has issued warnings against bankruptcy to two state-owned factories, according to a spokesman of the city government today.

The time limit is one year and if they failed to halt their loss making plummet within the prescribed time limit, they will be pronounced bankrupt, the spokesman said. The two factories are the Wuhan measuring and cutting tools factory and the Wuhan experimental cloth mill.

The measuring and cutting tools factory, with 610 workers, has suffered losses for 11 years since it was built 17 years ago. In the first half of this year, it suffered losses amounting to 310,000 yuan to bring the total losses to 3.72 million yuan. Its debt is equivalent to 72 percent of its total fixed assets.

The experimental cloth mill with 890 workers sustained losses of 255,000 yuan in the first half of this year, with debt amounting to 3.37 million yuan, accounting for 65.9 percent of its total fixed assets.

Earlier this month, a collectively-owned factory in northeast China's Liaoning Province was declared bankrupt for failing to respond to the government's warning.

HUBEI CPC SECRETARY PRAISES NEW COMMERCIAL FORM

HK071544 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 5 Aug 86

[Excerpts] Yesterday morning, Guan Guangfu, secretary of the provincial CPC Committee, delightedly visited the Wuhan City Agricultural and Sideline Products Wholesale and Trade Market, praising as a good method this third commercial form in which production directly meets marketing. He called for promoting this commercial form throughout the province.

Over the past few years, Wuhan City has done much in breaking separations between departments and areas and in reducing middle links in the course of reforming the circulation system. It has set up some comprehensive markets with the coexistence of various economic elements and channels. [passage omitted]

The Wuhan City Agricultural and Sideline Products Wholesale and Trade Market, which was set up on the basis of the original (Qiaokou) Vegetable Trade and Service Market, is scheduled to start operations today. This is the first large comprehensive wholesale market in the province. [passage omitted]

Guan Guangfu talked with (Zhang Kunyun), a specialized peasant operator engaged in vegetable transport from Maping Town, Yingshan County. When (Zhang Kunyun) told him that people can boldly do business here without any worries, Guan Guangfu said that this place links the urban and rural economy. We must never forget the power and influence of this linking place. [passage omitted]

Wang Qun, deputy secretary of the provincial CPC Committee and first secretary of the Wuhan City CPC Committee, Lin Shaonan, vice chairman of the provincial People's Congress Standing Committee, and (Han Hongshu), director of the provincial Financial Office, visited the wholesale and trade market together with Comrade Guan Guangfu [passage omitted]

SICHUAN CADRES GOING TO GRASS ROOTS HOLD MEETING

HK071132 Chengdu Sichuan Provincial Service in Mandarin 0930 GMT 6 Aug 86

[Excerpts] On 1 and 2 August, the provincial CPC Committee Organization Department held a meeting of representatives of provincial organ cadres sent down to the grass-roots level. Nie Ronggui, deputy secretary of the provincial CPC Committee, provincial Vice Governor Gu Jinchi, and (Ma Jingxiu), director of the provincial CPC Committee Organization Department, attended the meeting and spoke.

Thirty-seven representatives attended the meeting. In accordance with the instruction of the provincial CPC Committee on sending cadres to work in remote mountainous areas, they and other young and middle-aged cadres from 34 provincial departments commissions, offices, and bureaus have been sent to work in 35 countries in the provinces old revolutionary; base, minority nationality, remote, and mountainous areas. Most of them have assumed leading posts at county, district, and town levels.

On behalf of the more than 500 cadres of provincial organs who were sent to grass-roots level, the representatives reported to the provincial CPC Committee on how they have worked and tempered theselves in these areas, and exchanged experiences in going deep into grass-roots units to build mountainous areas. [passage omitted]

Provincial CPC Committee Deputy Secretary Nie Ronggui and Vice Governor Gu Jingchi listened to speeches by the representatives. They fully affirmed the experiences achieved by the cadres and put forth demands and requests on the cadres.

Comrade Nie Ronggui pointed out that sending cadres to the grass-roots level to temper them is a correct method, and good results have been achieved. This practice should be continued. He encouraged the comrades going to grass-roots level to study hard, to merge with the masses, to carry out work in a down-to-earth manner, to acquire experience in grass-roots work, and to upgrade their ability to exercise leadership. He also demanded that the cadres often report situations at grass-roots level to provincial, prefectural, and city leading organs and relevant departments and act as good bridges.

Comrade Gu Jingchi briefed the representatives on industiral and agricultural production in the province. He demanded that comrades going to the grass-roots level thoroughly investigate the strong and weak points of their areas in economic field and seriously study new problems on how to promote lateral economic ties, how to develop the economy, how to properly use funds for assisting the poor, and how to carry out structural reform in old revolutionary base, minority nationality, and remote areas.

XIZANG'S WU JINGHUA MEETS PARTY SCHOOL GRADUATES

HK081338 Lhasa Xizang Regional Service in Mandarin 1130 GMT 7 Aug 86

[Excerpts] The 6-day forum of leading comrades of the regional CPC Committee and the first group of 40 graduates of the Central Party School who had received 3 years of regular education and graduated from the refresher course department on the exploration of the way to invigorate Xizang's economy concluded on the afternoon of 2 August. Wu Jinghua, secretary of the regional CPC Committee, and Deputy Secretary Dangzin, delivered important speeches on Xizang's work and tasks at present and for in the future.

On the morning of 28 July, leading comrades of the regional CPC Committee and regional Advisory Commission, including Wu Jinghua, Mao Rubai, Dangzin, Gyanincain Norbu, Hu Songjie, and Zhang Xiangming, came to the meeting place and met the 40 students. Comrade Wu Jinghua shook hands with the students one by one and inquired about their study, age work, and families. He expressed a warm welcome to the comrades who had successfully completed their study tasks and returned to Xizang as they are most needed to work in Xizang. He heartily rejoiced at this. He extended many thanks to the Central Party School for helping Xizang train so many qualified persons. [passage omitted]

The forum participants were told: In the midst of pressing affairs, the regional CPC Committee Standing Committee members have invited you here to directly talk with you because they want to listen to your views on Xizang's principle of work from the enlarged meeting of the regional CPC Committee Standing Committee at the end of last year up to the present. They want to listen to your views on how to promote Xizang's work [passage omitted] It is hoped that comrades will act as masters of your own affairs and tell the truth. [passage omitted]

Over the past few days, in accordance with intention of this forum held by the regional CPC Committee and with the demands put forward by leading comrades that truth be told, the 40 students have applied the theory and knowledge which they learned and mastered at the Central Party School and, in light of Xizang's work and realities, talked about many very good views. They particularly put forward strategic views on doing a good job in Xizang's economy, making people happy and rich as soon as possible, and doing well nationality, religious, and united front work in Xizang, which is nationality well region with very great characteristics, and handling well the dialectic relations of promoting economic development.

WU JINGHUA MEETS WORKERS OF LHASA HOTEL

HK070927 Lhasa Xizang Regional Service in Mandarin 1130 GMT 6 Aug 86

[Text] On the afternoon of 6 August in the Lhasa hotel, leading comrades of the regional party and government including Wu Jinghua, Doje Cering, and Mao Rubai met General Manager (Sililе) of the United States; Assistant Superintendent (Huang Bingqiang); (Longweihu), a British teacher; Miss (Buzi); and 45 workers of the Beijing Lido Hotel who have come to work in the Lhasa Hotel.

Wu Jinghua, secretary of the regional CPC Committee; and Doje Cering, deputy secretary of the regional CPC Committee and chairman of the regional people's government, spoke at the meeting. Comrade Wu Jinghua hoped that the comrades of Xizang who are working in the Lhasa hotel will humbly learn advanced technology and experience in management from all men and women coming from Beijing, abroad, and Hong Kong and make the Lhasa hotel a first-class international hotel. At the same time, he also hoped that all the men who came from seven countries and regions and to operate the Lhasa hotel would sincerely impart their experience to Xizang comrades.

BEIJING ADVISORY COMMISSION CHAIRMAN ELECTED

OW091959 Beijing XINHUA Domestic Service in Chinese 1446 GMT 9 Aug 86

[Text] Beijing, 9 Aug (XINHUA) -- Wang Xian was elected chairman of the Advisory Commission of the Beijing Municipal CPC Committee at the commission's plenary session today. Lu Yu and Liu Jianfu were elected additional vice chairmen of the commission.

Jiao Ruoyu, former chairman of the Advisory Commission of the Beijing Municipal CPC Committee, and 19 other veteran comrades voluntarily requested to step down from their posts as chairman, vice chairmen, Standing Committee members, and Advisory Commission members because they were getting on in years.

SHANXI GOVERNOR STRESSES ECONOMIC REFORMS

HK080215 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 7 Aug 86

[Excerpts] Governor Wang Senhao and Vice Governor Bai Qingcai recently listened to reports on work in Changzhi and Yuncheng Cities. They pointed out that it is essential to put reform in the first place, support and protect reform, boost economic work, and resolutely fulfill this year's production and construction tasks.

Speaking on economic structural reforms, the leading comrades pointed out that reform is essential in order to invigorate the state and enrich the nation. Without reform, there is no way out and no hope. The keys to enterprise reform are, first, the plant manager responsibility system, and second, internal economic responsibility systems. The enterprises will enjoy invigoration if these two matters are handled well.

After instituting the plant manager responsibility system, the plant manager has policymaking powers in production operations and in administrative management. The contents and methods of the work of the plant party committee undergoes a great change, since the work focus has to be shifted to grasping the building of spiritual civilization. [passage omitted]

The main reason why some enterprises have not done well in implementing the plant manager responsibility system is that the party secretary and the manager are unable to unite. We must on the one hand institute some organizational regulations to ensure that the secretary and manager have clear division of duties and responsibilities [words indistinct]. On the other hand, we must make some organizational readjustments and ensure that people with a good standard of policy and professional work are serving in these posts.

The leaders must support and protect reform and create a relaxed external environment for it. At present certain people's initiative for reform encounters censure. Certain plant managers have run their enterprises very well, but then people are sent to investigate them because complaints were lodged, with the result that production is wrecked. We cannot tolerate this. The leaders must therefore stand out and take a firm and clear-cut stand in supporting and protecting reforming comrades. [passage omitted]

HEILONGJIANG'S SUN WEIBEN MEETS NEWSPAPER EDITORS

SK100515 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 9 Aug 86

[Text] The national forum of chief editors of various provincial papers held by the Propaganda Department of the CPC Central Committee opened in Harbin City today. Zhong Peizhang, director of the Information Bureau under the Propaganda Department of the CPC Central Committee, presided over the forum. (Peng Cheng), deputy head of the Propaganda Department of the CPC Central Committee, attended the forum. The major topic of this forum is to probe into the propagation of the economic and political structural reforms and the reform of newspaper pattern in an effort to conform to the new situation of reform and opening to the outside world.

This afternoon, leaders of the provincial party committee and the provincial government, including Sun Weiben, Li Genshen, Liu Chengguo, Zhang Xiangling, Huang Feng, and Liu Zhonggu; as well as Qi Guiyuan, head of the Propaganda Department of the provincial party committee, received the participants in the forum.

JILIN CITY SUFFERS FROM SEVERE FLOOD DAMAGE

SK090712 Changchun Jilin Provincial Service in Mandarin 2100 GMT 8 Aug 86

[Text] Since the beginning of the flood season this year, the average rainfall in Siping has reached 446.3 mm, showing that the rain has been plentiful and concentrated. As of 30 July, the flow rate of the Dongliao He floodcrest reached 1,300 cubic meters per second, doubling that of the flow rate of the highest flood crest last year and greatly exceeding the designed capacities of dikes. The accumulated water thus is creating disasters. The waters inside and outside the city has caused 46 breaches in the embankments along the Dongliao He sections in Shuangliao and Lishu Counties and Gongzhuling City. Areas covering more than 100 li on both sides of the Dongliao He are a vast expanse of water. Sixty villages in the city are inundated by the flood, 330,000 houses have collapsed, and 3 million mu of farmland has been damaged. Heavy losses also have been incurred in animal husbandry, water conservancy projects, and other materials. Some railroads and highways were closed.

During the critical moment of flood, leading comrades of Siping City and its subordinate cities and counties rushed to the flood scenes and directed the antiflood work in a timely manner. The PLA units stationed in Siping City, the Siping Military Subdistrict, and the reserve forces also rushed to the antiflood frontline the same night. More than 250,000 soldiers and civilians participated in the anti-flood and rescue work.

At present, 153,000 flood victims have been dispersed to villages which have not been hit by flood disasters and to areas where the flood situation is not serious. The city as a whole has dispatched 16 medical teams to the disaster areas to provide medical care. Cadres in areas which have not been hit by disasters or where the disaster situation is not serious have actively participated in removing silt, draining the waterlogged land, reinforcing anti-flood and water conservancy facilities, strengthening the capacity to prevent flooding and waterlogging, losing no time to accumulate farm manure, and striving to reap a bumper harvest in an effort to make up for the disasters with a rich harvest.

Gao Di Inspects Flooding

SK100734 Changchun Jilin Provincial Service in Mandarin 0930 GMT 9 Aug 86

[Text] At 1000 this morning, Gao Di, secretary of the provincial party committee, went to Meihekou City to study the situation of combating floods and doing rescue work.

Immediately upon leaving his car, Comrade Gao Di listened to reports on the anti-flood and rescue work from (Jiang Xincun), secretary of the Meihekou City party committee, and (Li Bingchang), mayor of the city; and then inspected the disaster situation. Comrade Gao Di maintained that the losses caused by the flood in Meihekou City were very serious. He expressed satisfaction with the city's anti-flood and rescue work.

Comrade Gao Di said: Meihekou City is an economic center. Afflicted by serious disasters over the past 2 years in succession, the city is faced with relatively grave difficulties. Being dialectical materialists, we can change bad into (?good). At present, our task is to help disaster victims rapidly restore production and rebuild their homeland. We can never reassure disaster victims until we have provided a settled life for them. In providing a settled life for disaster victims, we should have a good planning, and by rebuilding new residential quarters, we should ensure safety. At the same time, we should provide the masses with good transportation service and strive to promote development of commodity production and the courtyard economy.

Comrade Gao Di said: There are many paddy fields and water conservancy projects in Meihekou City. Problems with irrigation and drainage equipment would affect irrigation not only this year, but also next year. Therefore, we should try our best to restore irrigation and drainage equipment which can be restored. Flood prevention and draining waterlogged land should be carried out as quick as possible. We should conduct investigations on which rivers easily overflow their banks and which dams are easily breached, and then offer programs to solve these problems.

Comrade Gao Di pointed out: We should accelerate readjusting the structure of irrigation work in rural areas. In developing agriculture, the focus should be placed on disaster areas, and in rebuilding disaster areas, the focus should be placed on the production structure. Urban areas should bring along the rural areas, industry should promote agriculture, and enterprises should give support to villages. If possible, industrial departments should compensate for losses of agricultural departments, and do their best to support disaster areas.

Comrade Gao Di said in conclusion: During the current anti-flood work, many good people and good deeds have emerged. They have included party members, cadres, members of the PLA, and the masses. Their deeds should be vigorously summed up and publicized.

LIAONING CAPITAL FACTORY DECLARES BANKRUPTCY

OW071102 Beijing XINHUA in English 1019 GMT 7 Aug 86

[Text] Shenyang, August 7 (XINHUA) -- The bankruptcy of a collectively-owned factory here is a "good beginning" for the current effort to get rid of excess government interference in economic affairs, a senior party official said here today.

"In dealing with factories that should be declared bankrupt," said Li Zemin, secretary of the Shenyang City party committee, "the government has used administrative measures to incorporate them into profit-making enterprises in disregard of the will of the latter." "This actually makes industrial enterprises subsidiary bodies of the government, which violates the laws governing the development of the commodity economy," he said.

The Shenyang Explosion-Proof Apparatus Plant was declared bankrupt last Sunday for incurring debts far exceeding the total value of its fixed assets. This was the first case of bankruptcy ever recorded in China.

Of Shenyang's 4,500 industrial enterprises, 560 are producing at a loss. "Excess government interference is one major factor for this," the party secretary said. "From now on, the government should exercise an indirect control over factories," he said.

Shenyang, a leading industrial center in north China, is one of a few cities designated by the central government to find ways of transforming China's rigid economic system. "One task for us is to show how to make all factories able to be responsible for their own losses and profits," Li Zemin said.

The bankruptcy of the explosion-proof apparatus factory has made factory leaders throughout Shenyang to think what to do to avoid the same fate, Li said.

Zhang Guode, director of Shenyang clutch factory, a state-owned enterprise, felt he was urged to find new methods to improve management. "Otherwise, we may also go bankrupt," he told XINHUA. The factory, with a staff of 1,700, produces a dozen varieties including seven which have won prizes for outstanding quality. "Although we are still making profits," Zhang explained, "the competition is getting fiercer and sales of automobile parts are not good."

The pressure is even heavier for Ding Yi, whose brick factory had deficits. "I have to fight hard for the survival of the factory," he said. "I would be done for if the factory is declared bankrupt now." "But I am sure I can make it stand up again, if I am given another two or three years for improvement," he said.

The workers of the explosion-proof apparatus factory bore the brunt of the lastest move to make the city's industries more efficient. "To us, the only hope is to find a new job earlier," one said. Those in the factory who have reached the retirement age will be pensioned off, and the government will help those disabled workers find new jobs. The rest will receive technical and managerial training before they are recommended for new work by labor service companies. Pending the period, they will receive monthly allowances which are less than their original wages.

LANZHOU MILITARY REGION HOLDS ARMY DAY PARADE

HK090139 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 7 Aug 86

[Excerpts] The units directly under the headquarters of Lanzhou Military Region held an Army Day parade below Maanshan on the morning of 7 August. The parade began at 0935 amid the strains of the national anthem. Lanzhou Military Region Commander Zhao Xianshun and Political Commissar Li Xuanhua, Gansu Provincial CPC Committee Secretary Li Ziqi, and Governor Jia Zhijie reviewed the troops on parade.

The parade was divided into 14 squadrons, including artillery, armored, engineering, and antichemical warfare troops. [passage omitted]

Zhao Xianshun made a speech at the parade. He congratulated the units directly under the military region headquarters for their achievements in modernization, regularization, and revolutionization. He called on the commanders and fighters to cultivate a fine combat style and strict organizational discipline in the new situation, build the Army as soon as possible into a modern force able to meet the needs of future warfare, and make new contributions to defending and building the great northwest.

LANZHOU PLA USES SIMULATION EQUIPMENT IN WAR GAME

OW090045 Beijing Domestic Service in Mandarin 1100 GMT 6 Aug 86

[Text] A new automatic simulation system for command post operations was used recently for the first time during a war game by an Army group under the PLA Lanzhou Military Region. The system includes microcomputers, television sets, graphic instruments, and rapid communications equipment, and can simulate future operational conditions and tactical and strategic changes. The system can also depict defensive and offensive campaign operations, as well as antiairborne defense under different conditions.

During the war game, as soon as the commanders' operational plans were fed into the computers, they were immediately analyzed. The conclusions enabled the commanders to understand whether their plans were inferior or superior, or whether they had succeeded or had failed in their operations. This has further raised the commanders' leadership quality.

The leaders and experts who viewed the simulated war exercise held that the use of the simulation system was an important breakthrough in China's military training, and a major achievement in modernizing China's Armed Forces.

SONG HANLIANG WELCOMES ATHLETES TO XINHIANG

OW092042 Beijing XINHUA Domestic Service in Chinese 1645 GMT 9 Aug 86

[By reporter Tang Xiaoke]

[Excerpts] Urumqi, 9 Aug (XINHUA) -- The Xinjiang Uygur Regional CPC Committee and people's government held a grand reception this evening to welcome athletes, coaches, and representatives of the central authorities, and various provinces, municipalities, and autonomous regions, as well as compatriots from Hong Kong and Macao and foreign friends attending the second traditional sports meet of China's minority nationalities.

Song Hanliang, secretary of the Xinhiang Regional CPC Committee, gave a speech. [passage omitted]

Tomur Dawamat, chairman of the Xinjiang regional people's government, presided over the reception. [passage omitted]

CHIANG CHING-KUO SAID TO SEND NOTE TO PRC'S DENG

OW091217 Tokyo KYODO in English 1205 GMT 9 Aug 86

[Text] Hong Kong, Aug 9 KYODO -- A Hong Kong magazine says Taiwan's President Chiang Ching-kuo has sent a letter to China's senior leader Deng Xiaoping, suggesting that Taiwan should control six Chinese coastal provinces in the event of reunification with the mainland. But Gen. Chiang also said Taiwan would give up the six provinces if it failed to raise the average per capita income there above 2,000 dollars within three years of reunification, according to the monthly magazine "CHING PAO," to be published Sunday.

It said Chiang's letter was recently carried to Deng by Chen Hsiang-mei, [Anna Chennault] the widow of a U.S. General, who is also close to President Ronald Reagan. Sources here say she is the only person who can talk to both Deng and Chiang privately.

But the pro-China magazine said its article concerning Chiang's national unification proposal is based on rumors circulating in Beijing. The report has not been independently confirmed and Taiwan sources here deny that Chiang has written to Deng.

Gen. Chiang in his six-point proposal said the military should stay away from politics and that records of national reunification negotiations should be made public, according to the magazine. Taiwan has maintained a policy of not contacting, talking with or making a compromise with the authorities on the mainland.

PENTAGON ANNOUNCES PLANS FOR ARMS SALES TO TAIWAN

OW091107 Taipei CNA in English 0940 GMT 9 Aug 86

[Text] Washington, Aug. 8 (CNA) -- The U.S. Department of Defense announced formally Friday a U.S. $260 million package of foreign military sales (FMS) to the Republic of China [ROC] for the life extension of the service of the S-2E/G anti-submarine aircraft.

"The proposed sale of these articles and services is consistent with United States law and policy, as expressed in Public Law 96-8 (The Taiwan Relations Act)," said a Pentagon news release.

According to the Defense Department, the sales includes service life extention of and additional avionics for two S-2E/G aircraft to develop to prototype S-2(T) aircraft, plus 30 kits and engineering services for in-country modification by Taiwan of 30 S-2E/G aircraft to the S-2(T) configuration. In other words, after the implementation of the sales, the ROC's fleet of 32 S-2E/G will become S-2G, a new configuration. The Pentagon, however, declined to give detailed information about the equipment involved in the sales.

The ROC intends to use these aircraft to provide self-defense anti-submarine warfare capability, noted the Pentagon.

"The sale of this equipment and support will not affect the basis military balance in the region," added the Defense Department.

The prime contractor will be the Grumman Aerospace Corporation, but the Department of Navy will have responsibility for transactions related to this sales, it said. The Defense Department also pointed out implementation of this sale will not require the assignment of any additional U.S. Government personnel; however, 30 contractor representatives will be required in Taiwan for three years. The Congress has been notified of the sale.

OFFICIAL OUTLINES TERMS FOR HONG KONG RESETTLEMENT

HK100334 Hong Kong SUNDAY STANDARD in English 10 Aug 86 p 5

[By Yan Mei-ning]

[Text] Under the existing nationality laws, Taiwan provides the easiest escape route for lower middle class Hong Kong people wishing to flee from the territory before 1997.

A top Taiwan official responsible for Overseas Chinese affairs put this message across clearly in Taipei last week to a visiting Hong Kong delegation of educational and labour groups.

The official, who did not wish to be named, told the SUNDAY STANDARD at the same occasion that all individuals with an ethnic Chinese father were automatically entitled to Republic of China (ROC) nationality, regardless of their place of birth or their permanent place of resident.

The ROC nationality status remains valid even if the holder acquires nationality in another country, because Taiwan accepts dual nationality.

Individuals with a Chinese father will only have their ROC nationality taken away if they apply to the Ministry of the Interior for cancellation.

Under these nationality arrangements, any Overseas Chinese, including Hong Kong Chinese, can settle in Taiwan once he is granted an entry visa, without any minimum investment or other complications.

The official explained to the delegation that there are two ways by which Overseas Chinese can settle in Taiwan.

"Overseas Chinese can stay in Taiwan simply as nationals of another country. In such cases, they have to apply for extension of their visas when they expire," said the officials.

"Another method is to settle as nationals with dual nationality. These Overseas Chinese need to register their households with the local District Office where they are to have their permanent residence. It is very convenient and approval only takes 20 days."

But the official also made it clear that Overseas Chinese who choose to stay in Taiwan through the latter channel have the same rights and obligations as any other ROC nationals do in Taiwan, including the duty to perform military service.

"An exception will only be granted to nationals from countries like Malaysia, which strictly forbids its nationals from joining the military forces of another country."

Given the 1997 problem, the official said, the Taiwan Government at the moment is helping Hong Kong Chinese by granting preferential terms to those who wish to buy houses on the island.

"Each Hong Kong Chinese buying his or her first dwelling in Taiwan is allowed a loan equivalent to 80 percent of the value of the house, to be repaid in installments over a 15-year term.

"Only houses with a value over NT [New Taiwan] $5 million need a guarantee. These preferential terms are offered only to Overseas Chinese from Hong Kong."

Mr Cheng Shin-hsiung, director of the Department of Overseas Affairs of the Kuomintang's Central Committee, told the SUNDAY STANDARD on another occasion during the trip that the Taiwan Government is still working on a comprehensive plan to enable Hong Kong people to settle in Taiwan before the Communist takeover of Hong Kong in 1997, and this will be announced soon.

"It seems that the ROC has not made any concrete indication so far. We have, in fact, done a lot of preparation work and it is our basic policy that Hong Kong Chinese are our people and we are willing to accept them in Taiwan," said Mr Cheng.

Unlike many countries now wooing Hong Kong immigrants, Mr Cheng said Taiwan was not seeking to attract extremely wealthy people.

"We are practising Dr Sun Yat-sen's Three Principles of the People, which stress the factor of equality. As a middle class country, we welcome lower middle class people from Hong Kong," Mr Cheng explained.

"Hong Kong Chinese will come to settle in Taiwan with their whole families. We therefore have to make appropriate arrangements concerning all aspects of their daily lives.

"Due to differences in dialects and systems, the breadwinners, even professionals such as teachers and lawyers, may have difficulty in finding jobs in Taiwan," he said.

CPC CENTRAL LEADERS MEET IN BEIDAIHE

HK080323 Hong Kong WEN WEI PO in Chinese 8 Aug 86 p 2

["Special dispatch" from Correspondent Cheng Hsiang: "News From Beidaihe"]

[Text] Beijing, 7 Aug -- Beginning mid-July, China's political decision-making center was temporarily moved from Beijing to Beidaihe, a summer beach resort some 400 km away from Beijing. Since 1983, such a move has been made every year, and it seems like an unwritten system. Xishan in Beidaihe is now the location of the CPC Central Committee's General Office, the CPC Central Secretariat, and the State Council. A vice premier is left in Beijing to take care of the capital's routine affairs. Each day, the express service between Beijing and Shenyang has a special carriage for responsible cadres of various departments who are summoned to Beidaihe to report on their work and to transport documents and supplies. When some VIP's go to and from Beidaihe, a special train will be dispatched. Sometimes, some important foreign statesmen are also invited to Beidaihe. They are taken by plane from a military airport in Beijing's western suburbs to Shanhaiguan Airport, and then carried by special car to Xishan.

The Deep Influence of the "Meetings on Principles"

The Beidaihe meeting is a meeting to discuss general principles. The state leaders gather to discuss state affairs in an informal way and in an easy atmosphere. They sum up work in the first half of the year and work out general plans for work on the first half of the year and work out general plans for work in the second half. In general, they merely discuss general principles rather than concrete matters. The leaders work only in the morning, and go swimming in the afternoon after a midday rest.

Although meetings of the central leaders in Beidaihe merely deal with general principles, their importance has become more and more obvious in the past few years. Many important policies were in fact formulated at these meetings. The atmosphere of the meetings in Beidaihe has also affected the development of things.

Preparations Are Made for the Convening of the Sixth Plenum of the Current CPC Central Committee

This is the reason people are paying close attention to this year's Beidaihe meeting. What new message will it give to people throughout the country?

It is said that a major subject for this year's Beidaihe meeting is making preparations for the Sixth Plenum of the CPC Central Commitee, which will be held in late September.

According to the original plan, the sixth plenum of the Central Committee was to be held in October, but now it has been decided to convene this meeting at an earlier time. A major subject for the Central Committee plenum is the adoption of a resolution on the building of spiritual civilization. People attending the Beidaihe meeting are preparing the draft of this resolution. This reporter has approached some informed people and asked them about this matter. They said that the spirit of this document is in line with Hu Qili's speeches in Shanghai in April concerning spiritual civilization. In fact, this Central Committee resolution on the ideological issue will just officially affirm the spirit of Hu Qili's speeches on behalf of the party central leadership in the form of a party resolution.

Hu Qili's speeches in Shanghai in April contained the following main points: First, reform must be fully affirmed; second, he denied that the building of spiritual civilization goes against reform and stressed that these two aspects should be combined; third, the banner of human rights, democracy, and freedom should not be left in the hands of capitalism and these things should also be upheld in socialism; fourth, the theoretical circles should be bold in making explorations and should not be confined within Marxism; and fifth, it is necessary to provide a harmonious environment for literature and art creations. The informed people said that the sixth plenum's resolution will also include these main points.

Discussions on Political Structural Reform

Apart from preparing for the convention of the Sixth Plenum of the Central Committee, the Beidaihe meeting is also discussing the upsurge in nationwide discussions on political structural reform. At present, these discussions among the people have attracted the attention of the top leaders. Of course, it is not possible that the party central leading core has reached a unanimity on the fundamental issue of political structural reform. Therefore, the message which has come out of Beidaihe will cool the heads of the people who are enthusiastic about promoting this reform. The message is:

-- People are allowed to discuss political structural reform, but the adoption of any concrete reform steps should be postponed.

-- The purpose of any political structural reform must be to adhere to the party's leadership, and the four basic principles must not be abandoned.

-- China's current political system as a whole is basically suited to the needs of economic development. Only some partial things in this system are not suited or not completely suited to the needs of economic development.

These points, to a certain degree, reflect the fact that at the Beidaihe meeting, the central leaders still have some misgivings about political structural reform (for example, they may fear that the party's leading position and the four basic principles may be negated), and that no agreement has been reached in this regard (so political reform is to be postponed).

Deng Xiaoping Again Expresses His Hope for Retirement

Another notable subject discussed by people in Beidaihe is personnel affairs. Deng Xiaoping has once again said that he wants to retire from office. However, other leaders do not agree, saying that he is still in good health and can continue at the helm. It is said that Deng Xiaoping often asks people around him whether he should retire while he is still healthy or continue to work until he dies at his desk, and which situation would be more favorable to China's situation. When meeting with Nikaido, a visiting Japanese statesman, Deng also asked him this question.

It seems that the personnel arrangements at the 13th CPC National Congress next year will find expression at the current Beidaihe meeting.

COLUMN VIEWS PRC-MONGOLIA TREATY, SOVIET TROOPS

HK100825 Hong Kong HSIN WAN PAO in Chinese 10 Aug 86 p 1

["News Talk" column: "The Sino-Mongolian Consular Treaty and Soviet Troops Withdrawal"]

[Text] New developments have recently occurred in Sino-Mongolian relations. Liu Shuqing, vice minister of foreign affairs responsible for the Asia-Pacific region, who was invited to visit Mongolia, yesterday signed a Sino-Mongolian consular treaty with Yondon, first deputy vice minister of the Mongolian Ministry of Foreign Affairs.

This is the first consular treaty to be signed by China and Mongolia. It is the first time the two countries have signed a treaty demonstrating friendship since the downturn in their relations in the 1960's.

According to the treaty, "China and Mongolia have decided to conclude a consular treaty based on their desire to develop mutual ties of friendship, cooperation, and good-neighborliness, in order to strengthen consular relations and protect the interests of the two countries and their citizens."

This is in marked contrast with the unfortunate incident that occurred in the spring of 1983. In March that year, Mongolia forcibly evicted in batches 1,764 Overseas Chinese who were living in Ulaanbaatar. The PRC Foreign Ministry made representations with the Mongolian Foreign Ministry on 14 occasions concerning this affair, without ever finding out the reason, and in the end it lodged a serious protest, and relations between the two sides became even colder.

Following the signing of the consular treaty, the Overseas Chinese issue can be handled through official channels and principles. This creates conditions for the two countries to live together in friendship and strengthen cooperation.

The press communique issued by China and Mongolia also states that the two sides have had a full exchange of views on developing relations and on certain international issues of common concern.

The communique did not state what these "certain international issues of common concern" are. However, it is obvious that these were related to the withdrawal of Soviet troops from Mongolia.

One of the three big obstacles to improving Sino-Soviet relations as listed by China is the stationing of 1 million Soviet troops on the Sino-Soviet border, including Soviet troops stationed in Mongolia. There is a 4,600 km common border between China and Mongolia. Mongolia's population is only 1.5 million, and the role of the 100,000 Soviet troops stationed there can only be explained as a threat to China.

China has on many occasions proposed to the Soviet Union and Mongolia that these Soviet forces should be withdrawn. The Soviet Union has insisted on not withdrawing them, while the Mongolian Government issued a statement in March 1964 declaring that the stationing of Soviet troops in Mongolia was "an internal Mongolian affair, and purely a matter of Mongolia-Soviet relations." It said that "it cannot be held that the stationing of Soviet troops in Mongolia is an obstacle to the normalization of Sino-Soviet relations."

Changes have taken place in both the Soviet Union and Mongolia during the past 2 years. First, Batmonh replaced Tsedenbal as general secretary of the Mongolian People's Revolutionary Party, and second, Gorbachev is now in change in the Kremlin. CPC Central Committee General Secretary Hu Yaobang also visited Arlian on the Sino-Mongolian border in Autunm 1984, when he expressed the desire for friendly coexistence with Mongolia. There has also been an increase in border trade. At the end of last year, China's Nei Monggol signed a border trade agreement with Mongolia.

Three new developments have recently occurred over the issue of Soviet troops stationed in Mongolia.

First, Gorbachev spoke on policy toward the Asia-Pacific region in Vladivostok on 28 July. Speaking on his desire for a further improvement in relations with China, he said that the Soviet Union is at present discussing with the Mongolian leadership the question of withdrawing "a substantial portion of the Soviet troops" from Mongolia.

Second, Moscow announced on the same day that Mongolia's Batmonh had arrived in the Soviet Union by invitation for "a vacation."

Third, the Mongolian Government issued a statement on 31 July "welcoming" Gorbachev's recently expounded policies and ideas on the Asia-Pacific region. The government also said that it "fully supports the new Soviet proposals," including the withdrawal of a "substantial portion" of the Soviet troops in Mongolia.

It was against this background that Vice Minister Liu Shuqing was invited to Mongolia. However, Gorbachev did not mention when the Soviet troops would be withdrawn from Mongolia, nor how many would be involved. New reports and revelations will have to be awaited on this question and on the views of China and Mongolia regarding relations with the Soviet Union.

PRC TO FIGHT HONG KONG DOLLAR CIRCULATION

HK090328 Hong Kong HONGKONG STANDARD in English 9 Aug 86 Business Section p 1

[Text] Beijing plans to combat the problems caused by the circulation of Hong Kong currency in the Shenzhen Special Economic Zone. The municipal government of Shenzhen and the People's Bank of China are actively pursuing a solution to the matter with assistance of the Bank of China. And a game plan is expected to be ready in the "not too distant future."

The action was revealed yesterday by Mr. Zhang Hongyi, general manager of Bank of China, Shenzhen Branch, who recently became vice-mayor of Shenzhen.

"This is likely to result in the promulgation of new regulations governing the currency market of the special economic zones (SEZ's)," he said.

The urgency of an early solution to the problem apparently mounted in light of Beijing's wish to scrap the circulation of Foreign Exchange Certificate (FEC) in the country before the end of this year, as revealed two weeks ago by Mr Zhao Bingde, managing director and vice-president of Bank of China.

Mr Zhang acknowledged that Hong Kong dollar, FEC and renmenbi has been in parallel circulation in Shenzhen for quite some time. Though a foreign currency, Hong Kong dollar enjoys a similar size of circulation as the local currency, both of which separately enjoys a greater circulation than FEC's.

"In light of the scrapping of FEC's upcoming in the near future and the possible impact of such a move to the country, Beijing is now actively studying ways to strengthen the regulation on the financial market when the move comes into effect," he said.

"Despite a general solution applicable to the whole of China is being worked out, some special provisions specifically applicable to Shenzhen are also being actively pursued," he said. Apparently, this move was prompted by the fact the Hong Kong dollar is mainly circulated in the Shenzhen SEZ.

There are indications that, unlike Shenzhen, there may not be any specific provisions designed for the remaining SEZ's of China.

"We must acknowledge the fact that the circulation has a certain place in the currency market of Shenzhen," he said.

With the scrapping of FEC's, the currency market of Shenzhen will definitely undergo a structural adjustment. Mr Zhang said the Shenzhen authorities are studying the issue with a view to proposing new legislation to govern the restructured currency market of Shenzhen in light of the change.

On a reported suggestion that FEC's is likely to be scrapped on September 30, both Mr Luo Xianrong, governor of the People's Bank, Shenzhen Branch, and Mr Zhang said that they have not received any such notice from the capital.

HONG KONG BASIC LAW COMMITTEE SCHEDULE ADVANCED

HK110232 Hong Kong HONGKONG STANDARD in English 11 Aug 86 p 2

[Text] Drafters of the Basic Law, Hong Kong's post-1997 constitution, has moved its next meeting one month ahead of schedule, the STANDARD has learnt.

The Basic Law Drafting Committee, commissioned by China's National People's Congress, was scheduled to meet in late November. It is not known why it has been brought forward, tentatively to October 29-31.

The date, if fixed, will clash with the Legislative Council's [Legco] policy debate on the situation. And among the 23 Hong Kong drafters, seven are Legco members.

The five drafting sub-groups are expected to present at the committee meeting their reports on views collated from the public.

The most notable delegation dealing with the future political system will arrive in the middle of next month.

Other delegations also due next month are those involved in studying the local economic system, cultural aspects and education.

Meanwhile, some members of the Basic Law Consultative Committee are worried that their views could not be faithfully reported. They blamed it on the working procedures of the consultative body.

One member, Father Louis Ha, after studying the first draft report on the Special Administrative Region's political system, said it failed to give due weight to the various views.

The draft was prepared by the group's Secretariat. If approved by the plenary session on August 30, it will be submitted to the Basic Law Drafting Committee.

"Most of us in the group hoped the report could reflect the main trend of thought," Fr Ha said.

"But the report recorded on an equal footing all views aired ...A majority view was balanced by a single opposition," he said.

Another member, Mr Chang Ka-mun was also critical of the report.

"It has something to do with the constitution of the Consultative Committee. The constitution requires dissenting views to be incorporated, no insistence on unanimity nor decision by voting," he said.

"Nevertheless, we should reach a consensus as far as we can. The spirit of the constitution is not to reject consensus. If we have a majority view, it should be faithfully recorded," Mr Chang said.

He stressed the importance of consensus.

"Otherwise, the Consultative Committee would not be serving its purpose of helping the drafting work," he said.

In this regard, Fr Ha said some members suggested some sort of questionnaire be designed to capture members' preferences.

BEIJING MAYOR TO HEAD PRC DELEGATION TO MOSCOW

HK111108 Hong Kong HSIN WAN PAO in Chinese 11 Aug 86 p 4

["Special Dispatch From Beijing": "Beijing Mayor Chen Xitong To Visit Moscow"]

[Text] At Moscow's invitation, Beijing Mayor Chen Xitong is to head a municipal government delegation leaving for Moscow on 17 August for a visit of approximately 2 weeks.

This is the first time since the 1950's for a mayorial-level visit between Beijing and Moscow to take place. In 1956, the then Beijing Mayor Peng Zhen visited Moscow and other East European countries as head of an NPC delegation.

Prior to Mayor Chen Xitong's visit to Moscow, Arkhipov, first deputy chairman of the Presidium of the USSR Council of Ministers, held talks with Vice Premier Li Peng in March 1986 on Sino-Soviet cooperation in economics, trade, and science and technology. A matter of concern is the ninth round of Sino-Soviet negotiations at the deputy ministerial level, to be held in Beijing in October this year.

DAILY REPORT

China

Vol I No 155 12 August 1986

Effective 18 August the "Hong Kong Media on China" section of the China Daily Report will be renamed "Hong Kong & Macao." It will contain items on Hong Kong and Macao from all sources. Hong Kong media will, henceforth, be treated like all other sources, i.e., items from Hong Kong media will be published in whatever section they concern.

Daily Report Managing Editor

PRC INTERNATIONAL AFFAIRS

GENERAL

Beijing Radio Comments on U.S.-USSR Relations A 1
International Aviation Symposium Opens in Beijing A 2

UNITED STATES

U.S. To Supply Taiwan New Military Equipment B 1
PRC Denounces U.S. Arms Sales to Taiwan [AFP] B 1

SOVIET UNION

Arkipov Holds Talks With PRC Counterparts [AFP] C 1
USSR's Talyzin To Visit PRC in 'Early September' [KYODO] C 1
USSR's Pitovranov at PRC Trade Fair Closing C 2
PRC Friendship Delegation Visits Soviet Union C 2

NORTHEAST ASIA

Foreign Ministry Comments on Japan Defense Budget [AFP] D 1
Guangdong Begins Sino-Japan Bridge Project D 1
Fang Yi Fetes Visiting Japanese Rice Expert D 1

WESTERN EUROPE

RENMIN RIBAO Commentary on 'Eureka' Program [6 Aug] G 1
PRC To Show Aircraft, Missile Models in Britain G 2

EASTERN EUROPE

BAN YUE TAN on East European Party Congresses [25 Jul] H 1
Developments in East European Socialism Viewed [RENMIN RIBAO 1 Aug] H 3

MIDDLE EAST & AFRICA

Tutu Arrives in Shanghai, Urges Intervention I 1
  Honored at Shanghai Banquet I 1
  Meets Shanghai Mayor I 2
  Warns West on Apartheid I 2
  Meets Catholic Bishops I 3
Chen Muhua Arrives in Tanzania 9 Aug I 3
  Received by President I 4
Chinese Medical Teams in Liberia Praised I 4
XINHUA on South Africa's Growing Isolation I 5
Wan Li Meets Central African Delegation I 6

PRC NATIONAL AFFAIRS

Official on Lesson of Shenyang Bankruptcy Case K 1
LIAOWANG on China's Current Economic Situation [4 Aug] K 2
Center To Coordinate Ties With Foreign Firms [RENMIN RIBAO 6 Aug] K 5
Beijing Insures More Foreign-Financed Projects K 6
RENMIN RIBAO on Rural Economic Situation [9 Aug] K 7
Peasants in Western Zones Narrowing Income Gap K 9
Rural Enterprises Become Export Oriented K 10
Official Urges Halt to Industrial Losses K 10
Retail Price Increases Begin To Slow Down K 11
PRC Achievements in Satellite Research [SICHUAN RIBAO 23 Jul] K 12
Geosynchronous Satellite a Tool For Meteorology K 13
GUANGMING RIBAO on Leader Responsibility System [3 Aug] K 14
Discipline Cases Involve Two Billion Yuan K 17
New Edition of Mao Works To Be Published K 17
World-Standard Microcomputer Developed K 18
JINGJI RIBAO Quotes Minister on Steel Output [7 Aug] K 18

PRC REGIONAL AFFAIRS

EAST REGION

Anhui Meeting on Resettling Military Retirees O 1
Fujian Province Suffers Widespread Drought O 1
Wan Shaofen Visits Jiangxi Rural Work Meeting O 2

CENTRAL-SOUTH REGION

YANGCHENG WANBAO Article Urges Free Speech [2 Aug] P 1
Guangdong Leaders Praise Party Education Exhibit P 2
HENAN RIBAO Views Procurement, Sales Personnel P 2
Hubei Meeting Discusses Summer Grain Output P 3

SOUTHWEST REGION

Nei Ronggui on Sichuan Population Problems Q 1
Sichuan Leaders at Long March Victory Exhibit Q 1
Yunnan To Check on Enterprise Reform Progress Q 2

TAIWAN

BCC Commentary Views USSR Overtures to PRC V 1
Economic Official Remarks on Trade Talks With U.S. V 2
Duty List Abolition Averts U.S. Retaliation V 2

HONG KONG MEDIA ON CHINA

TA KUNG PAO Hails Change in USSR Foreign Policy [12 Aug] W 1

BEIJING RADIO COMMENTS ON U.S.-USSR RELATIONS

OW090535 Beijing Domestic Service in Mandarin 1050 GMT 8 Aug 86

[Consolidated report on current events from "International Current Events" program by station reporters Fan Jinlong and Zhang Guohua from Washington: U.S.-USSR Hold Dialogue Amid Antagonism and Antagonize Each Other in the Course of That Dialogue"]

[Excerpts] On 29 July, U.S. President Reagan delivered a speech at the White House, saying that U.S.-USSR relations have entered a stage at which misunderstanding and suspicion alone could not prevent the two nations from advancing on the predetermined path. He proclaimed that there was a possibility of holding the next U.S.-USSR summit this year, and that the talks between the two nations on nuclear arms reduction might be successful. This was the most optimistic speech on U.S.-USSR relations Reagan has made this year. It reflects a favorable turn and a relaxed atmosphere in recent U.S.-USSR relations.

Following the Reagan-Gorbachev meeting in Geneva last November, U.S.-USSR relations, characterized by tension and confrontation for years, have eased somewhat and entered a new stage, marked by both antagonism and dialogue. [passage omitted] Since both the United States and the Soviet Union persist in the global hegemonic strategy, they make no concession to each other and cannot compromise on a series of practical issues, such as the arms race and regional conflicts. The atmosphere of conciliation between them is sometimes thin and sometimes thick; in other words, it is changeable.

Since the Geneva meeting, the United States and the Soviet Union have made some progress in cultural, scientific, and technological exchanges, but still oppose each other on issues concerning their global strategies. In dialogue, they have continued to antagonize each other and haggle endlessly, or have even reached a deadlock. Regarding such questions as the prevention of space militarization, reduction of medium-range nuclear weapons, and prohibition of nuclear tests, though they have made contact and held dialogue, no progress has been made because of the large difference in their positions. [passage omitted]

Under present international circumstances, the reappearance of stalemate and confrontation in U.S.-USSR relations is not in the interests of either side and will present difficulties. In view of this, both the United States and the Soviet Union have taken steps during the last month and more to ease relations. On 23 June, Gorbachev wrote to Reagan, offering a compromise proposal for reduction in strategic nuclear weapons. In this proposal, he called on the United States and the Soviet Union not to withdraw from the Treaty for Limitation of Anti-Ballistic Missile Defense Systems in the next 15 years. As for the U.S. star wars program, he expressed the hope that research work be limited to the laboratory level. The United States welcomed this proposal, and Reagan said, in his 25 July reply to Gorbachev, that if the Soviet Union does not oppose U.S. continued efforts at SDI research, the United States would agree to postpone the deployment of this strategic defense system for from 5 to 7 years. In the meantime, the United States and the Soviet Union resumed the Geneva arms control talks and those on the issue of nuclear tests. These talks, though they resulted in no progress, indicated, more or less, that both the United States and the Soviet Union wanted to continue dialogue.

On 26 July, Soviet Deputy Foreign Minister Aleksandr Bessmertnykh visited Washington, held talks with high-ranking U.S. Department of State officials, and discussed the current situation and prospects for U.S.-USSR relations.

Sources said that both sides agreed to hold a series of talks in preparation for the new round of the U.S.-USSR summit. On 4 August, the United States and the Soviet Union announced simultaneously that Soviet Foreign Minister Shevardnadze and U.S. Secretary of State Shultz would hold talks on 19-20 September in Washington. It is believed that the talks will prepare for the summit. As can be seen, there is an increased possibility that the second U.S.-USSR summit will be held this year.

Since the Geneva U.S.-USSR summit last November, there has been every indication that neither the United States nor the Soviet Union wants to decrease dialogue in face of the worldwide demand for relaxation of tension. In spite of the dialogue, however, they still antagonize each other acutely, and their relations are not harmonious. The atmosphere of relaxation is sometimes thin and sometimes thick, and on many basic issues, they continue to rival each other and haggle endlessly. For instance, on the question of nuclear disarmament, both sides want to maintain their own superiority and cut the other's. In particular, there is still a big gap between their positions on the militarization of space. In his 29 July speech, expressing optimism about the U.S.-USSR relations, Reagan stressed the need to carry out sustained SDI research according to schedule and stated that no compromise would be made on this issue. On the other hand, the Soviet Union wants to eliminate or, at least, to delay the U.S. star wars program in every conceivable way. A relatively large part of the recent Soviet disarmament proposal is aimed at hindering the implementation of the SDI program. After receiving Reagan's reply, Gorbachev said that the Soviet Union was studying the contents of the reply, and stressed that the Soviet reaction would partly depend on the U.S. stance on the prevention of the arms race expansion into outer space.

It is because of the acute confrontation between the United States and Soviet Union in their global strategies that neither side will compromise easily. Hence, dialogue between them will be full of difficulty. Antagonism in the course of dialogue and maintaining dialogue amid antagonism is a basic feature of current U.S.-USSR relations. Nonetheless, people all over the world wish to see relaxation in U.S.-USSR relations and progress made in halting the arms race.

INTERNATIONAL AVIATION SYMPOSIUM OPENS IN BEIJING

OW111112 Beijing XINHUA in English 1100 GMT 11 Aug 86

[excerpt] Beijing, August 11 (XINHUA) -- More than 30 senior planning and management executives from 12 foreign airlines, aviation manufacturers and Civil Aviation Administration of China (CAAC) gathered here today to discuss the development of civil air transport in the world. Co-sponsored by the CAAC and the McDonnell Douglas Corporation (MDC) from the United States, the international airline planning symposium is the first of its kind ever held in China.

Representatives from Alitalia, American Airlines, British Caledonian Airways, CAAC, Canadian Pacific Airlines, Lufthansa German Airlines, Philippine Airlines, U.S. Texas Air Corporation and Hong Kong Cathay Pacific Airways.

The focus of the three-day conference, a CAAC spokesman said, will be on strategies and considerations in the airline approach to the planning and marketing of air transportation services. Papers presented by guest speakers will cover subjects such as the future of air transportation in China, pricing the product, strategic planning, automated systems for airlines, traffic forecasting, new route development, aircraft technical evaluation as well as fleet planning, he added. [passage omitted]

U.S. TO SUPPLY TAIWAN NEW MILITARY EQUIPMENT

OW090958 Beijing XINHUA in English 0930 GMT 9 Aug 86

[Text] Washington, August 8 (XINHUA) -- The U.S. Defense Department notified Congress today that it has approved the sale of new military equipment to Taiwan to improve its anti-submarine warfare capability.

The sale is an act in defiance of China's consistent stand against the U.S. sales of weapons to Taiwan.

Assuming there are no Congressional objections, Taiwan would be allowed to contract for improvements to two of its S-2 aircraft and then to obtain special avionics equipment and engineering kits to upgrade another 30 of the ageing planes, a Pentagon announcement said.

The transaction is worth 260 million U.S. dollars.

Congress has 30 days in which to disapprove the proposed sale.

While admitting that the new aircraft will enhance Taiwan's anti-submarine capability, the Pentagon argued that "sales of this equipment and support will not affect the basic military balance in the region."

PRC DENOUNCES U.S. ARMS SALES TO TAIWAN

HK120724 Hong Kong AFP in English 0717 GMT 12 Aug 86

[Text] Beijing, Aug 12 (AFP) -- China Tuesday denounced U.S. plans to sell Taiwan equipment for its anti-submarine aircraft.

"The position of the Chinese Government on the question of U.S. arms sales to Taiwan is consistent. We are opposed to the United States' selling of weapons to Taiwan," said a spokesman for the Chinese Foreign Ministry.

The spokesman called on Washington to abide by a 1982 Sino-U.S. accord in which the United States agreed to reduce its arms sales to Taiwan.

The U.S. Government told the U.S. Congress on Friday that it intended to sell Taiwan 260 million dollars-worth of equipment to modernise its S-2 sub hunters.

The U.S. Defense Department said the sale would not upset the balance of military power in the Taiwan Strait.

Beijing and Taipei both claim to be the rightful government of all China.

ARKHIPOV HOLDS TALKS WITH PRC COUNTERPARTS

OW111311 Tokyo KYODO in English 1252 GMT 11 Aug 86

[Text] Beijing, Aug. 11 KYODO -- First Soviet Deputy Premier Ivan Arkhipov, on a private visit to China ostensibly only for medical treatment, has held a series of talks with his Chinese counterparts on recent developments involving relations between the two countries, diplomatic sources said Monday.

The sources said that the Chinese deputy premiers with whom Arkhipov conducted the talks were Wan Li, Yao Yilin, and Li Peng, all Communist Party Politburo members. The talks were said to have centered on the July 28 Vladivostok speech delivered by Soviet leader Gorbachev, calling for improved relations with China.

According to the sources, the Soviet vice premier arrived in the PRC shortly before or after Gorbachev's speech. Since then, Arkhipov has received acupuncture and other Chinese medical treatments for a disorder of the autonomic nervous system, the sources said.

They said the Soviet official held the meetings, starting with Wan, at a guesthouse in Beijing where he moved after hospitalization at the China-Japan Friendship Hospital completed with Japanese financial aid in 1984.

The Arkhipov-Wan meeting was the first high-official, Soviet-China contact following the Gorbachev speech, they said. According to other diplomatic sources, Arkhipov arrived in Beijing on July 27 and handed Chinese officials the prepared text of the Gorbachev speech which was to be delivered the following day in a Soviet gesture to show its willingness to improve relations with China.

The Soviet Embassy in Beijing and the Chinese Foreign Ministry said Arkhipov's meeting with Chinese officials were made only in his private capacity. But observers here believe it is certain that Arkhipov would have met with Gorbachev prior to the speech and came to China to convey the true intentions of the Soviet leader to the Chinese premiers.

Soviet Vice Foreign Minister Mikhail Kapitsa told reporters in Moscow last Tuesday that China had expressed a positive reaction to the Gorbachev speech. This drew strong interest from Western bloc diplomats here as to whether such a remark was made on the basis of Arkhipov's contact with the Chinese vice premiers in Beijing.

USSR'S TALYZIN TO VISIT PRC IN 'EARLY SEPTEMBER'

OW121057 Tokyo KYODO in English 1042 GMT 12 Aug 86

[Text] Beijing, Aug. 12 KYODO -- Soviet Vice Premier Nikolay Talyzin will pay an official visit to China in early September for talks with Chinese officials, Chinese diplomatic sources said Tuesday.

Talyzin, an alternate Politburo member, will be the highest Soviet Government official to visit Beijing officially since Kremlin leader Mikhail Gorbachev spoke in Vladivistok late last month and proposed improved ties with China. Talyzin's itinerary is not known.

Vice Premier Li Peng will serve as host to Talyzin, the sources said. Talyzin will meet Communist Party General Secretary Hu Yaobang and Premier Zhao Ziyang, they said.

Meanwhile, East bloc sources here confirmed Talyzin's planned visit to China and said Talyzin will serve as a special envoy for Gorbachev. Before going to China, Talyzin will meet Gorbachev and receive his message to the Chinese leaders, the sources said.

USSR'S PITOVRANOV AT PRC TRADE FAIR CLOSING

OW110652 Beijing XINHUA in English 0629 GMT 11 Aug 86

[Text] Moscow, August 10 (XINHUA) -- A 17-day Chinese trade fair closed today with an estimated 350,000 Soviet visitors having gone through the turnstile of the exhibit, the first held here by the Chinese in 33 years. Shortly before tonight's closing ceremony, lucky Soviets were rejoicing over their chance to be among the last to catch a glimpse of contemporary Chinese life through more than 4,000 exhibits at Moscow's Sokolnikiy Park.

"Thank you for your exhibition. I'm twelve years old and hoping to visit your beautiful country sometime in the future," a child wrote neatly in the visitors' book. Another visitor wrote, "I was sort of astonished and incredulous as I witnessed your achievements over the past 30 years." Their remarks represent the reaction of many Soviet fairgoers who flocked to this showcase of China, which included not only those sophisticated things like satellite technology, computers and household durables, but also fashion shows by graceful Chinese models.

Since the fair opened on July 25, prominent Soviet officials, including Premier Nikolay Ryzhkov, his deputy Nikolay Talyzin and Raisa Gorbachev, wife of Kremlin leader Mikhail Gorbachev, have visited. As ordinary fairgoers elbowed their way to see items such as textiles, silk, airpots and food in the often overcrowded 2,500 square-meter hall, Soviet experts were asking Chinese fair attendants questions about electronic products, numerical controlled lathes and laser devices.

At the closing ceremony, Yevgeniy Pitovranov, chairman of the board of the Chamber of Commerce and Industry, described the fair as very successful, before he handed two certificates of merit to the Chinese sponsors in praise for their efforts in organizing the exhibit. "The fair has indeed helped deepen the understanding of the Soviet and Chinese peoples," said Xie Jianqun, head of the Chinese exhibition delegation.

PRC FRIENDSHIP DELEGATION VISITS SOVIET UNION

OW091415 Beijing in Russian to the USSR 1800 GMT 5 Aug 86

[Text] An activists delegation of the Chinese People's Association for Friendship With Foreign Countries and the China-USSR Friendship Association led by Liang Geng, vice president of the Chinese-USSR Friendship Association, paid a 2-week friendship visit to the Soviet Union from 20 July to 4 August. The delegation visited Moscow, Leningrad, Baku, and Tashkent and met with officials and activists of local branches of the USSR-China Friendship Society. Bernov, deputy chairman of the Union of Soviet Societies for Friendship and Cultural Relations With Foreign Countries, met the Chinese delegation.

FOREIGN MINISTRY COMMENTS ON JAPAN DEFENSE BUDGET

HK121040 Hong Kong AFP in English 1029 GMT 12 Aug 86

[Text] Beijing, Aug 12 (AFP) -- China issued a measured response Tuesday to Japan's announcement that it might expand its defence program.

"As a sovereign state, Japan has the right to process the strength of self-defense for its security," a Foreign Ministry spokesman said. "However, this strength should be moderate and of a defense nature, and should not cause concern to its neighbouring countries.

The Japanese Government decided Friday that it could exceed the defence spending limit of one percent of gross national product set in 1976, to meet what it called a "remarkable buildup of Soviet forces in the Far East."

Although China suffered harshly from Japanese occupation during World War II, analysts here said its reaction Tuesday reflected Chinese leaders' own fears of Soviet military power in Asia.

A large Soviet military presence along China's northern border has been cited by Beijing as an obstacle to normalized relations with Moscow.

GUANGDONG BEGINS SINO-JAPAN BRIDGE PROJECT

OW091432 Beijing XINHUA in English 1418 GMT 9 Aug 86

[Text] Guangzhou, August 9 (XINHUA) -- Construction of a 1,769-meter-long highway bridge, a Sino-Japan joint venture project, started today in Jiangmen City in south China's Guangdong Province. Today's foundation stone-laying ceremony was attended by Vice-Chairman of the National People's Congress Standing Committee Huang Hua, Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference Wang Guangying, and Fukuda Hajime, top adviser to the Liberal Democratic Party of Japan. The bridge, involving a total investment of 25 million U.S. dollars, will be completed by 1988. The bridge on the Xijiang River links the west and central Guangdong Province with Zhuhai, a special economic zone, and Macao.

FANG YI FETES VISITING JAPANESE RICE EXPERT

OW111342 Beijing XINHUA in English 1330 GMT 11 Aug 86

[Text] Beijing, August 11 (XINHUA) -- Chinese State Councillor Fang Yi met the well-known Japanese rice expert, Chosaku Fujiwara, at the Great Hall of the People here this afternoon. Fujiwara went to Fangzheng County in northeast China's Heilongjiang Province in 1981 and 1982 to pass over the technique of thin-planting dry rice seedlings in cold areas. As a result, rice yield increased markedly in the county and hi technique has been spread throughout the province. Fujiwara arrived in Beijing July 13 as a guest of the Science and Technology Commission of Heilongjiang Province on a study tour and for technical exchanges in Heilongjiang and Shaanxi Provinces. At the meeting, Fang thanked Fujiwara for his help to China and threw a dinner for him.

RENMIN RIBAO COMMENTARY ON 'EUREKA' PROGRAM

HK100412 Beijing RENMIN RIBAO in Chinese 6 Aug 86 p 7

["Special Commentary" by Zhang Baoxiang: "Birth and Development of the 'Eureka' Program" -- boldface as published]

[Excerpts] AFTER A YEAR'S PREPARATION, WEST EUROPE HAS MADE REMARKABLE PROGRESS IN THE "EUREKA" PROGRAM. THE COUNTRIES PARTICIPATING HAVE INCREASED TO 19, AND IT HAS MADE DECISIONS ON 72 COOPERATIVE PROJECTS. THIS IS AN AMBITIOUS PROGRAM, WHICH AIMS AT KEEPING PACE WITH THE U.S. AND JAPAN'S DEVELOPMENT OF HIGH TECHNOLOGY INDUSTRY WITHIN THE NEXT 5 TO 10 YEARS. THE "EUREKA" PROGRAM HAS ATTRACTED THE WORLD'S CLOSE ATTENTION, AND IT WILL INFLUENCE EUROPEAN-U.S. RELATIONS, EUROPEAN-SOVIET RELATIONS, EAST-WEST RELATIONS AND NORTH-SOUTH RELATIONS.

The "Eureka" program is already 1 year old. Over the past year, the program has made remarkable progress: Three meetings of ministers were held; the number of participating countries has increased from 17 to 19; and 72 cooperative projects were adopted. Further decisions on the source of capital were made. Also, a 7-member secretariat was established. Therefore, it can be said that the "Eureka" program has been "successfully started" after a year's preparation.

First, the Proposal of the "Eureka" Program

[Passage omitted] Just before the West European countries energetically discussed the issue of scientific and technological cooperation, the United States proposed its "star wars" program, which braced up West Europe, made it become united, and acted as a catalyst for scientific and technological cooperation in West Europe. Also, the arms race between the United States and Soviet Union, which focuses on the "star wars" program, has brought new and complicated factors to the defense system of West Europe. In terms of scientific and technological cooperation, it was an alarm for the suspicious West European countries: A backward situation of science and technology will not only affect economic development but will also cause one's political and national defense decisions to be influenced by others. In order to safeguard the independence and safety of West Europe, it is an urgent task that the countries should promptly turn the program under discussion into reality. With the great support of Mitterrand, the president of France, representatives of 17 West European countries and the European Community held their first meeting in Paris on 18 July, at which they declared the formal birth of the "Eureka" program.

Second, Favorable Factors and Difficulties in Implementing the "Eureka" Program

The Eureka program is an ambitious one. The short-term objective of the program is to promote close contacts among the European industrialists, to strengthen cooperation between enterprises and research institutes, to strive to develop new products for civilian use within the next 5 to 10 years by using high technology, and to strengthen the competitiveness of West Europe. Then, on this basis, it will strive to form a "European technology community," so as to establish equal partner relations with the United States and Japan, to make Europe "become a continent entering the 21st century," and to maintain Europe's status of being "a big country" in the world's economy. [passage omitted]

The mark of the "Eureka" program's success should be the marketable products jointly made by various countries, as well as the establishment of a really unified market which has no national boundaries but involves all of West Europe. To achieve this, however, there is a very complicated obstacle, that is the issue of standards, which has yet to be removed. At present, industrialists of various countries are tackling the issues concerning the establishment of a product market in which specifications, models and standards are made uniform.

There are many worrying factors in addition to the difficulties concerning capital and technological standards. For example, the U.S. "star wars" program will involve $26 billion, which is much more than that of the "Eureka" program and has attracted many European enterprises and technological personnel. Many enterprises have taken part in both programs. However, will the "Eureka" program be run parallel with the "star wars" program or become the additional civilian part of the "star wars" program? This is an issue which West Europe has been much concerned about right from the start.

Also, the relations between the "Eureka" program and the European Economic Community have not been clarified. How to coordinate those research projects which are duplicated in the "Eureka" program and the "European Information Study and Strategic Development Plan" is also another problem. Therefore, the "Eureka" program still has to go through a long and winding road before reaching the stage of full-scale implementation, though the program has made a good start.

Third, the Major Motive Force for Promoting Unity in West Europe

The world is moving toward times of high technology. In the future, to a certain extent, the strength of a country and the international competition will be based upon technological strength. Therefore, the "Eureka" program will exert a major influence on Europe's future and the world's politics. Though the "Eureka" program is for civilian use, its achievements could be applied to the military area. This will thus help West Europe strengthen its national defense strength and cooperation. This program has attracted close attention from the world. Many countries have said that they wanted to join the "Eureka" program. Thus, it will not be difficult in seeing that the program will influence European-U.S. relations, Europe-Soviet Union relations, East-West relations and North-South relations. It is also very obvious that this program helps promote a united West Europe. The 19 participating countries belong to two economic groups in West Europe. The 19 participating countries belong to two economic groups in West Europe: the European Economic Community and the European Free Trade Association. The "Eureka" program has strengthened the contacts of these two competitive groups. This may symbolize a breakthrough in the pattern and area of unity in West Europe.

PRC TO SHOW AIRCRAFT, MISSILE MODELS IN BRITAIN

OW100132 Beijing XINHUA in English 0125 GMT 10 Aug 86

[Text] Beijing, August 10 (XINHUA) -- China is to show models of Chinese made aircrafts and missiles at the 27th international air show to be held on August 31 in Britain, according to Chinese aviation authorities today. The products will include both military and civilian, such as F-8 and F-7M high-altitude fighter planes, A-5 supersonic attack plane, Y-8 medium range transport plane, Y7-100 passenger plane, Y-12 multiple purpose mini-airfreighter, Z-9 light helicopter and air-to-air missiles and coastal defense missiles. It was learned that more than 600 companies from Britain, the United States, the Soviet Union, France, Federal Germany, Sweden, the Netherlands and Japan will participate in the show.

BAN YUE TAN ON EAST EUROPEAN PARTY CONGRESSES

HK081236 Beijing BAN YUE TAN in Chinese No 14, 25 Jul pp 50-52

[Article by Jia Shan: "Party Congresses of East European Countries"]

[Text] This year, except for Romania and Hungaria, all East European socialist countries have successively called or will call party congresses. After the Communist Party of the USSR called its 27th party congress at the end of February, the parties of Czechoslovakia, Bulgaria, and the GDR respectively convened their 17th, 13th, and 11th congresses from March to April. In June, the parties of Yugoslavia and Poland called their 13th and 11th congresses, respectively. In addition, Albania will call its ninth party congress in November.

The party congress of Yugoslavia was called in an "extraordinary period." According to Yugoslav comrades, an "economic crisis" took place in Yugoslavia. Therefore, the task of this party congress was to "make a unified assessment of the causes of the state of crisis and especially find an answer to what to do in the next stage." The party congresses of four other countries have formulated new 5-year plans beginning from 1986, or programs for economic development for a longer term. This will have an important impact on socialist economic development in the coming 5 years or for a longer period of time.

At the party congresses of five countries, the main subject of discussion was the economic problem. For a period of time, the pace of economic growth in these countries was rather quick. The people's living standard also showed relatively great improvement. The social output value for Yugoslavia from 1947 to 1985 rose more than 6 times, and the industrial output value 16 times. Progress was made in such fields as education, sanitation, culture, and scientific research. In the plan for the past 5 years, the GDR achieved an increase of 11 percent in national income, an increase of 15 percent in industrial production, and an increase of 10 percent in agricultural production. Self-sufficiency was achieved in grain and food. Czechoslovakia and Bulgaria also scored certain achievements. But due to a guideline of extensive operation long followed by these countries, domestic resources became increasingly inadequate. There was an energy shortage. Given an imperfect system of management, economic results were poor. The rate of economic growth gradually dropped. Faced with the development of new technologies in the world, they were compelled to consider taking appropriate measures to meet the challenge and bring about the quick development of the economy in a harmonious manner. The GDR, Czechoslovakia, Bulgaria, and Poland all formulated guidelines for overall intensive development of the national economy based on scientific and technical progress. In keeping with such guidelines, they also formulated new 5-year plans. According to their plans, the national income of the GDR and Czechoslovakia in the coming 5 years will respectively rise 24-26 percent and 18-19 percent. Industrial output value will respectively grow 22-24 percent and 15-18 percent. The national income of Poland will increase by 16-19 percent.

To realize its above plan, the GDR will continue carrying out the "economic strategies for the 1980's," including fully utilizing the results of the contemporary scientific and technological revolution, quickening an increase in labor productivity, ensuring an increase in production with a reduction in the consumption of raw materials and energy, further improving the quality of products, accelerating the development of the production of consumer goods, further raising the living standard of the laboring people, and so forth.

Czechoslovakia will introduce "the strategy to accelerate social economic development." This means using scientific and technological results, changing the production structure, perfecting economic plans and management systems, and so forth. Poland witnessed social turmoil in the early 1980's. Its economy suffered a great loss. At a party congress, Jaruzelski said that the primary task of Poland is to quicken the process of development, make up for lost time, and narrow the gap between Poland and advanced countries in the scientific, technological, and economic fields.

Referring to the realization of the guideline for overall intensive economic development, the leaders of the parties of these countries have paid great attention to scientific and technological progress and put a scientific and technological revolution in first place. Leader of the GDR Erich Honecker said that in the process of transforming all fields of production in the direction of intensification, due to the adoption of "all-important technologies," the GDR entered "a new stage." Chairman of the Council of Ministers Stoph stressed that the main task at the present stage was to "take all measures to carry out a scientific and technological revolution." Leaders of Czechoslovakia Husak and Strougal held the view that the rapid adoption of advanced scientific and technological products in production is "the demand of the era" and "a factor deciding the success or failure of a cause." Therefore, the role of science and technology must be elevated and placed "above all tasks." Leader of Bulgaria Zhivkov pointed out that the "scientific and technological revolution is in line with socialism." The "realization of the scientific and technological revolution means building a thriving version of socialism." The scientific and technological revolution has become a "superb key" to future national economic development. Though these countries do not share the same industrial level, they take the development of electronic and computer technologies as an important aspect. During the period of the new 5-year plan, the GDR will raise the supplementary electronic computer designing and production systems from 28,000 in 1985 to around 90,000.

In the past few years, these countries have worked on perfecting or reforming the economic management system. Despite different approaches and different degrees to which reforms are carried out, a start has been made. Some experience has also been obtained. The party congresses of various countries hold that work must be continued in this respect. A leader of the GDR said that national economic management and planning and economic accounting will be further perfected. Czechsolovakia will not only perfect central management work but at the same time strengthen the responsibility and power of an area or department and give full play to the activism of the laboring collective. In economic reform, Bulgaria has established an "autonomous economic organization" and carried out the principle of autonomy. The aim is to "overcome the principle of control by a department in economic work, eliminate bureaucratism, and make a transition to new plans and methods of management. Competition is also called for. To achieve the above goal, Bulgaria, prior to the convening of its 13th party congress, made appropriate readjustments about organizations or organs and personnel. It abolished eight economic departments that had been in charge and established an economic committee. During the period of Poland's new 5-year plan, the tasks in economic reform call for fighting for an improvement in economic results, restoring a balance between the economy and the market, linking workers' wages with the results of labor, and overhauling the pricing structure.

On the foreign relations front, Yugoslavia continuously follows a policy of nonalignment and is devoted to "developing overall relations with all countries, especially concerning establishing stable and overall relations with all neighboring countries." [paragraph continues]

The party congresses of other countries have reiterated that the strengthening of unity and cooperation with the Soviet Union is the cornerstone of foreign policy and have expressed support for the peace proposal and the suggestion of disarmament put forth by the Soviet Union. They have accused the United States and NATO countries of expanding armaments and, at the same time, expressed a desire to continue expanding the relations of peaceful coexistence with capitalist states, maintain and develop dialogue and cooperation, and seek a solution of problems through negotiations. The GDR has stressed that the "prevention of a nuclear war and of space militarization" and the "elimination of antagonism through cooperation between countries" are among its primary foreign policy goals. Poland said that the "Eastern and Western parts of Europe are shouldering a heavy military burden unprecedented in history" and that an arms race should be prevented. People note that most of the party congresses have expressed the wish to develop relations of friendship and cooperation with China. This has reflected the great progress made in China's relations with East European socialist countries in the past few years.

DEVELOPMENTS IN EAST EUROPEAN SOCIALISM VIEWED

HK070929 Beijing RENMIN RIBAO in Chinese 1 Aug 86 p 7

[Report by Dong Fusheng: "Theoreticians in Yugoslavia, Romania, Poland, and Hungary Explore Questions of Socialist Theory"]

[Text] For some time now, social science theoretical circles in Yugoslavia, Romania, Poland, and Hungary have been rather active; while exploring and explaining all kinds of theoretical questions they have met with in the course of economic development and reform, they have carried out wide exploration and discussions on a variety of socialist theories and published many articles and talks on them, each airing his own views.

On the Pattern of Socialism

It is generally believed that socialism itself has no unified pattern, and that each nation must link with its own characteristics in determining its own road of development. Not long ago, a leading member of the Hungarian Socialist (Communist) Workers' Party pointed out in his article that in the course of socialist construction, "permanent and always efficient measures from beginning to end, no matter what the specific conditions are, do not exist," but he believes "there are common laws and historical experiences best suited to one's own nation which can and must be applied, and which are, relatively speaking, universally efficient." An article carried in the Hungarian journal THE OBSERVER [guan cha jia 6034 1390 1367] says: "We should not look upon any country as a pattern." An article entitled "Viewes on Socialist Development" in Romania's ECONOMIC JOURNAL [jingji zazhi 4842 3444 7177 1807] says: "No views on a unified pattern of development can be established." ERA SOCIALISTA, the theoretical journal of the Communist Party of Romania Central Committee said in an article: "A complete work of social law, which is perfect and forever efficient, does not exist. The 'program' of social law will not be limited to the figures discovered by the founder of historical materialism, or the figures of the laws grasped in one period or another. With the development of social history, some social laws that last longer will change their forms of expression with the changes in conditions." Therefore, to consciously understand and to apply social objective law, "it is necessary to possess creativity, and the spirit of blazing new trails and revolution." [paragraph continues]

A commentator's article in the Yugoslavian POLITIKA points out: "Adopting different roads to socialism, and ridding ourselves of a unique pattern is no longer a difficult problem facing socialist ideology, nor, to a large extent, to socialist practice."

On the Developed Stage of Socialism

An article carried in the theoretical journal IDEOLOGY AND POLITICS [yishi xingtai yu zhengzhi 1942 6221 1748 1966 5280 2398 3112] of the Polish United Workers' Party believes that based on Poland's experience and practice, the thesis of Poland's transition to the "developed stage of socialism" was proposed "rather too early" in the documents of the Seventh and Eighth PZPR National Congresses. The article says at present, Poland "is not a country of proletarian dictatorship," and that the stage of proletarian dictatorship "has become history." Poland is now a "democratic people's republic," and "in the intermediate link between a country of proletarian dictatorship and a country of the whole people." At the 13th National Congress of the Hungarian Socialist Workers' Party a Hungarian leading member said: "The blueprint of socialism based on revolutionary fantasy proceeding from goodwill is undergoing some changes." He said, we believed in the past that the development of socialist economy was "always developing upward in a straight line," and the effects of capitalist economy and politics "will not involve the socialist world." However, "the road to socialism has been rougher and more uneven than we expected, and there have been more setbacks and failure." He said: "We have also come to understand that those who achieve the target are not those who have done things in a hurry, and skipped some stages, but those who have drawn up plans under given conditions, and won the support of the people."

On the Superiority of Socialism

An article in Romania's ECONOMIC JOURNAL [jingji zazhi 4842 3444 7177 1897] believes: "Socialism itself is facing the basic question of how to demonstrate its superiority." The author points out that, for a long time capitalism has demonstrated that "it is capable of creating the sources of new forces." However, it should not be neglected that "it has also brought about imbalance in the economic development of the peoples of various countries." A signed article in Romania's ECONOMIC LIFE [jingji shenghuo 4842 3444 3932 3172] believes that "regarding the two socioeconomic systems, namely socialism and capitalism, we lack scientific analysis of a comparative nature. A rigid formula was adopted in the past, based on which, if capitalism is 'this way,' socialism must be another way, or entirely the opposite." The author urges restudying the issue," "subjecting it to scientific analysis," "exploring in which fields socialism is superior to capitalism, and in what respects it is inferior to capitalism." He also urges that "those theses regarded as established and beyond doubt" should also be "tested and reevaluated."

Speaking as a whole the academic circles of all the countries mentioned above have all wanted to rid themselves of the bondage of dogmatism, formulism, and oversimplified concepts, each airing his own views rather freely. The discussion has only just begun, and is likely to develop in breadth and depth. Some concepts of the so-called "established theses" in particular may bring about further debate.

TUTU ARRIVES IN SHANGHAI, URGES INTERVENTION

OW081108 Beijing XINHUA in English 1052 GMT 8 Aug 86

[Text] Shanghai, August 8 (XINHUA) -- Bishop Desmond Tutu from South Africa, a Nobel peace laureate, and his wife flew into Shanghai this afternoon for a one-week visit to China.

Bishop Tutu told reporters at the airport that during his stay in China, he will discuss the South African situation and other issues concerned with his Chinese brothers, adding that "freedom is a better solution to South African issue, that's why I ask international community to intervene."

He urged the South African authorities to lift the state of emergency, release political prisoners, and hold dialogue with "our effective leader Nelson Mandela."

He said he is very glad to visit China and is eager to see the country as "China has undergone a revolution." The Tutus are guests or the Three-Self Patriotic Movement Committee of the Protestant churches of China, the Christian Council of China and the Chinese People's Association for Peace and Disarmament.

Among those greeting the guests at the airport was Bishop Ding Guangxun, chairman of the Three-Self Patriotic Movement Committee of the Protestant Churches of China, president of the Christian Council of China, and vice-president of the Chinese People's Association for Peace and Disarmament. Ding will give a banquet tonight in honor of Tutu and his wife, who will also tour Xian and Beijing after visiting Shanghai.

Honored at Shanghai Banquet

OW081958 Beijing XINHUA in English 1441 GMT 8 Aug 86

[Text] Shanghai, August 8 (XINHUA) — Ding Guangxun, chairman of the Three-Self Patriotic Movement Committee of the Protestant Churches of China, said here today that the Chinese people support South Africa's Bishop Desmond Tutu in his campaign to safeguard peace and equality and oppose apartheid.

Ding, also president of the Christian Council of China and vice-president of the Chinese People's Association for Peace and Disarmament, made the remarks at a banquet he gave here this evening in honor of Bishop Tutu and his wife, who arrived in Shanghai this afternoon for a week-long visit to China.

He said, "Our history and our sense of humanitarianism decide that we stand on your side." He noted that today the Chinese people from various parties and religions, as well as other fields are united for the common goal of international peace and disarmament, and for building up the socialist country. "We bless Biship Tutu's great cause of peace and human dignity."

Tutu said in his toast that he and his wife feel at home in China and they are blessed with love by their Chinese brothers and sisters. "We will pray for you", he added. He praised the efforts made by the Chinese people for peace, justice and disarmament, and expressed his hope that peace and justice would reach every corner of the world, including South Africa.

Meets Shanghai Mayor

OW101559 Shanghai City Service in Mandarin 0000 GMT 10 Aug 86

[Text] Mayor Jiang Zemin met with South Africa's Bishop Desmond Tutu and his wife at the municipal government guest room on the morning of 9 August and had a cordial conversation with him. Mayor Jiang extended a welcome to Bishop Tuto on his visit to Shanghai and briefed him on Shanghai's situation. Bishop Tutu expressed his thanks to the Chinese people for their support of the South African people.

The Shanghai branch of the Chinese People's Association for Friendship With Foreign Countries, the Three-Self Patriotic Movement Committee of the Protestant Churches of Shanghai, and the Religious Affairs Committee of the Christian Society of Shanghai held a tea party at the auditorium of St Lukes Cathedral to welcome the bishop and his wife.

Warns West on Apartheid

OW091402 Beijing XINHUA in English 1351 GMT 9 Aug 86

[Text] Shanghai, August 9 (XINHUA) -- If the West is not committed to dismantling apartheid and does not help the countries that have been held to ransom by South Africa, the West will not be surprised that those countries will not be friendly with it. This was stated by South Africa's Bishop Desmond Tutu here today when he talked to journalists about sanctions declared by Zimbabwean Prime Minister Mugabe against South Africa.

Tutu said Mr Mugabe is not playing games. The West must know what it is in fact doing. "I hope the West realizes how strongly Africa feels about such matters," he added.

On the release of Cooper, he said, Cooper's detention is in the first place not justified. He noted that many people remain in detention in South Africa. Tutu described the arrests and the state of emergency announced by South Africa as "just like aspirin for a toothache", saying that they are useless.

Tutu also met more than 80 representatives from local religious, cultural and scientific communities this afternoon. He stated at the gathering that the black people in South Africa should enjoy freedom as white people there, adding that without black people's freedom other people there cannot have true freedom.

He said, "We are longing for a day when South Africa will become a truly democratic country with justice and truly free from racial discrimination." He thanked the Chinese people for their support to the people in South Africa.

Li Shoubao, president of the Shanghai branch of the Chinese People's Association for Friendship With Foreign Countries (CPAFFC), stated that the Chinese people stand on the side of the South African people and support them in their struggle against racial discrimination. "We support international sanctions against the South African authorities for its policy of apartheid and persecution of the black people and support every effort for justice and peace," he added.

The meeting was jointly sponsored by the CPAFFC Shanghai branch, the Three-Self Patriotic Movement Committee of the Protestant Churches of Shanghai, Christian Society of Shanghai.

Shanghai Mayor Jiang Zemin met Bishop Tutu and his wife this morning.

Meets Catholic Bishops

OW101232 Beijing XINHUA in English 1221 GMT 10 Aug 86

[Text] Shanghai, August 10 (XINHUA) — The visiting Bishop Desmond Tutu from South Africa called on Bishop Louis Zhang Jiashu, dean of the Chinese Catholic Bishops College here this morning.

Bishop Louis Zhang of Shanghai diocese, 94, said that the Chinese Catholics support the struggle of the South African people against racial discrimination.

Tutu told the Chinese bishop that people all over the world support them and pray for them.

Later, Tutu visited the well-known Xujiahui Cathedral in southwestern Shanghai. He also preached to more than 1,000 Catholics at the community church of Shanghai, appealing for safeguarding men's equality and dignity.

Bishop Tutu and his wife left for Xian this evening after a three-day visit to Shanghai.

CHEN MUHUA ARRIVES IN TANZANIA 9 AUG

OW091821 Beijing XINHUA in English 1752 GMT 9 Aug 86

[Text] Dar Es Salaam, August 9 (XINHUA) -- Chinese State Councillor Chen Muhua arrived here this afternoon for a four-day visit, during which she is expected to meet with Tanzanian leaders for talks on further economic cooperation between the two countries.

Speaking to reporters at the airport upon her arrival, Chen, who has been responsible for China's economic assistance to foreign countries for the past 20 years, said that the Chinese Government and people are committed to the further development of the friendly cooperative relations between China and Tanzania.

Chen said that she is very much pleased to pay her fourth visit to the east African nation and to proceed afterwards to Zambia to attend the celebrations of the 10th anniversary of the Tanzania-Zambia railway's (TAZARA) operation, which will climax on August 16.

During her visit, the fourth since the late 1960's, she will meet with President Ali Hassan Mwinyi and First Vice President and Prime Minister Joseph Warioba and hold official talks with senior government officials.

TAZARA, built with Chinese assistance, was officially transferred by the Chinese Government to the governments of Tanzania and Zambia in 1976 after its completion in 1975. The 1860-kilometre railway known as "The Great Uhuru Road", was built to break the economic blockade by the colonialists and racists on the new-emerging Zambia.

Received by President

OW120246 Beijing XINHUA in English 0157 GMT 12 Aug 86

[Text] Dar Es Salaam, August 11 (XINHUA) -- Tanzanian President 'Ali Hassan Mwinyi today thanked the Chinese Government and people for their assistance to this country in the past 20 years and expressed the hope that friendship and cooperation between the two countries will be strengthened further in the days to come.

Mwinyi made the statement while receiving visiting Chinese State Councillor Chen Muhua, who arrived here last weekend on a four-day visit on his [pronoun as received] way to Zambia to attend celebrations of the 10th anniversary of the China-aided Tanzania-Zambia Railway (TAZARA).

Chen delivered a letter from Chinese President Li Xiannian inviting Mwinyi to visit China and the invitation was accepted.

Mwinyi said that TAZARA is playing a greater role than its original design anticipated more than ten years ago.

This morning, Chen held talks with Deputy Prime Minister and Minister of Defence and National Services Salin A. Salin on bilateral relations and other items of mutual interest. She is scheduled to meet with First Vice President and Prime Minister Joseph Warioba tomorrow before flying to Lusaka, Zambia.

CHINESE MEDICAL TEAMS IN LIBERIA PRAISED

OW090104 Beijing XINHUA in English 0020 GMT 9 Aug 86

[Text] Monrovia, August 8 (XINHUA) -- Liberian Minister of Health and Social Welfare Martha Sandolo-Belleh today praised the first Chinese medical team in Liberia for its services during the past two years.

At a reception here this evening in honor of the out-going Chinese medical team and its newly-arrived replacement, the minister said the Chinese doctors had contributed to the strengthening of friendship and cooperation between Liberia and China.

Several Liberian government officials and Chinese Ambassador to Liberia Xiang Zhongpu attended the reception.

During the past two years, the 14-member Chinese medical team has treated nearly 79,759 people, including 758 who were critically ill. Almost 96 percent of the 4.049 in-patients treated by the Chinese doctors recovered competely.

The first Chinese team will leave here for home on August 12, its replacement arrived here on August 2.

XINHUA ON SOUTH AFRICA'S GROWING ISOLATION

OW081314 Beijing XINHUA in English 1134 GMT 8 Aug 86

["Roundup: The World Against One (by Yan Hongzhang)" -- XINHUA headline]

[Text] Gaborone, August 8 (XINHUA) -- With British Prime Minister Margaret Thatcher's compromise with Commonwealth leaders over sanctions against South Africa, the South African Government is now under fire from all parts of the world.

At the seven-nation Commonwealth mini-summit held in London on Monday, Thatcher agreed to voluntary bans on the promotion of tourism and new investment in South Africa, and agreed not to stand in the way of European Community (EC) measures that will be introduced in September. The EC measures include bans on the import of coal, iron, steel and gold coins from South Africa and a ban on new investment.

Canada, Australia, Zambia, India, Zimbabwe and the Bahamas have called on the Commonwealth to introduce a sanctions package that includes banning air links with South Africa, investment and reinvestment of profits earned in South Africa, import of agricultural products from South Africa and withdrawing consular facilities, despite Britain's refusal to join in these measures.

Swedish Foreign Minister Sten Andersson said Tuesday that the Nordic countries might decide early next week to impose a total trade embargo on South Africa in protest against apartheid.

The Danish, Finnish, Swedish and Norwegian prime ministers and their foreign ministers are scheduled to meet in Denmark to construct a common policy towards Pretoria.

U.S. President Ronald Reagan, though reluctant for a long time, has finally agreed to impose limited sanctions on South Africa, bowing to the pressure from Congress.

The South African regime has thus been cast aside by the whole world and is in a desperate state.

Faced with the international outcry against apartheid, the South African Government showed its horns to some front-line countries, which are active in appealing for mandatory sanctions against South Africa.

South African Foreign Minister Pik Botha announced on Tuesday that the South African Government would consider introducing import licenses and a levy on goods from Zambia and Zimbabwe, and threatened that tighter security measures would be imposed along the South Africa-Zimbabwe border.

In a display of solidarity and defiance, Tanzanian President Ali Hassan Mwinyi promptly advanced his country's offer of transit facilities to its neighbors and the front-line countries.

The wide-ranging international sanctions will surely strike a hard blow at South Africa's economy, which is already having difficulties. Economic analysts here said that effective sanctions will harm South Africa's economy.

In South Africa, businessmen, concerned about the growing voice of worldwide sanctions and disappointed at the performance of the South African regime, have lost their confidence in the country. The index of South African business confidence is now only three-fourths of where it was in 1980, and gross fixed capital formation fell by 40 percent last year, and is continuing to decline.

According to newspapers from South Africa, nearly 200 corporations were in various stages of disengagement and last year also saw 6,278 bankruptcies in the country compared with 4,312 in 1984. A dramatic slump in fixed investment has exacerbated the unemployment problem.

According to Cape Town University, the unemployment rate in South Africa reached 23.6 percent in 1985 and will hit 24.1 percent this year. Even white unemployment has become a serious problem, with 40,000 whites losing jobs between March 1985 and March 1986.

It is estimated that there are over 250,000 new job-seekers in the country every year. With no growth prospect, the country cannot create jobs for either blacks or whites. Under sanctions, the unemployment situation can only get worse.

The deteriorating economic situation in South Africa will sharpen the contradictions between the minority government and the people, intensify political conflicts and destabilize state power.

The sanctions will have a strong impact on the South African Government. But observers here say that how successful the sanctions will be to some degree depends on the willingness of some leading Western countries to get tough.

They pointed out that those Western countries have countless ties with the Pretoria regime and have their own interest in South Africa. So it is for the world to keep an eye on whether they really act in concert with the international community.

WAN LI MEETS CENTRAL AFRICAN DELEGATION

OW081038 Beijing XINHUA in English 1018 GMT 8 Aug 86

[Text] Beijing, August 8 (XINHUA) -- Vice-Premier Wan Li met Joaquim da Silva Nzengue, minister of information, arts, culture, youth, sports and national organization of Central African Republic, and his party here today.

Wan, on behalf of the Chinese Government, welcomed their visit to China and said as China and Central Africa are both developing countries and advocate South-South cooperation, the visit will strengthen cooperation between the two countries in various aspects.

Nzengue said that President Andre Kolingba and the Central African people attach great importance to the development of cooperation and friendship with China.

The Central African visitors who are guests of the Chinese Ministry of Culture, arrived here August 7 for a friendly visit.

OFFICIAL ON LESSON OF SHENYANG BANKRUPTCY CASE

OW081251 Beijing XINHUA Domestic Service in Chinese 0137 GMT 8 Aug 86

[Text] Beijing, 8 Aug (XINHUA) -- In a talk with reporters today on the bankruptcy of the Shenyang Explosion-Proof Apparatus Plant, an official of the State Economic Commission pointed out that the incident explodes the myth that there is no bankruptcy among socialist enterprises and shows that, with the gradual progress of economic structural reform, it is imperative for enterprises to be responsible for their own profits and losses and that, under all circumstances, the principle that only the best should survive should be upheld.

The official said: For a long time a certain misconception has taken hold among our country's cadres, staffs, and workers: An enterprise bankruptcy can only occur in a capitalist system, and socialist enterprises should continue to operate regardless of profits or losses; they can make money when they are run efficiently, but when they operate at a deficit because of bad management, it does not matter because they will be subsidized by the state anyway. This is one of the major reasons why many enterprises lack an internal motive force and feel no external pressure; consequently, they fail to upgrade their economic efficiency. Now the Shenyang Explosion-Proof Apparatus Plant, a collective-owned socialist enterprise, has gone bankrupt; its business license has been revoked. This incident has shattered people's traditional concepts and given our enterprises a useful, enlightening education.

First, in a planned socialist commodity economy based on public ownership, advanced enterprises that turn out products that suit market demands will develop, and backward enterprises will be eliminated. This is the inevitable consequence of economic law and a necessary condition for developing productive forces. The bankruptcy of the Shenyang Explosion-Proof Apparatus Plant serves as a warning to those collectively owned and state enterprises that have for years operated at a loss because of bad management.

Second, an important measure of the current economic structural reform is to declare bankruptcy for enterprises that can no longer support themselves financially. Like a good remedy for a disease, the measure will effectively eliminate the prevailing defect of enterprises eating from the "big pot" of the state, and of staff and workers eating from the "big pot" of an enterprise. It allows for management and supervision of enterprises by economc and legal means, enabling enterprises to acquire the capacity for independent management and become socialist commodity producers and dealers with sole responsibility for their own profits and losses.

Third, allowing badly managed enterprises to declare bankruptcy is conducive to maintaining order in a planned socialist commodity economy based on public ownership; it protects state property and the legal rights and interests of creditors and debtors, and encourages competition among enterprises. This is very important for improving the quality of products and raising economic efficiency and social benefits.

The State Economic Commission official said: After it declared bankruptcy, the Shenyang Explosion-Proof Apparatus Plant made proper arrangements for jobs and the livelihood of its staff and workers, appropriately disposed of its funds and properties, and thoroughly investigated those personnel who bore economic responsibility and violated laws and discipline.

Because work before and after the bankruptcy was done fairly well, the staff and workers remained relatively calm. This shows that although a bankruptcy creates many problems as a result, so long as we can do a good job in solving specific problems, staff and workers will certainly recognize its long-range benefits and understand and support this reform measure.

In conclusion, the official said: During the Seventh 5-Year Plan, with the gradual improvement of the market mechanism and the strengthening of indirect control, enterprises will face a rigorous test because the principle of allowing the strongest to survive will come into effect, and the state will try to create a good external economic environment for enterprises where there are both motive force and pressure. We hope that enterprises in all localities will learn a lesson from the Shenyang bankruptcy case, make good use of the favorable opportunities in the course of reform, grasp internal reform to speed up technological progress, increase their capacity to assimilate new things and cope with changes, change bad things into good things in the course of reform and technological progress, and continue to develop.

LIAOWANG ON CHINA'S CURRENT ECONOMIC SITUATION

HK080847 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 31, 4 Aug 86 pp 5-6

[Article by Li Shiyi: "Chinese Economy After Its Cooling Off -- Comments on China's Current Economic Situation"]

[Excerpts] In the first half of this year, the growth rate of China's national economy slowed down after it had developed at an excessively high speed. There is now much discussion about this. Some people say this is a good omen; some say this is not normal; some worry whether China's economy is losing momentum; and others worry whether there will be economic recession.

Then how should we approach the economic situation in the first half of this year?

At a press briefing on 18 July, Zhang Zhongji, spokesman for the State Statistical Bureau, gave an account of the economic situation in the first half of this year. If we make an analysis of the situation against the background of China's economy as a whole we may say "there is both good and bad news."

Where Does Good News Come From?

In terms of industrial enterprises, the total output value of industrial production in the first half of this year topped 428.4 billion yuan, up 4.9 percent over the corresponding period last year, but the growth rate dropped by 18 percentage points. With regard to the industrial structure, the total output value of light industry increased by 5.1 percent and of heavy industry, by 4.6 percent, and the ratio between light and heavy industries was 49.7 and 50.3 respectively. There has been a trend of coordinated development in industrial production. Regarding the mix of products, the output of marketable products increased substantially, while there was a drop in production of unmarketable goods. As a result the mix of products has been readjusted.

In terms of production of energy and raw materials, the growth rate in the first half of this year was higher than that of industrial production. [paragraph continues]

Improvement has been made in shortages of energy and raw materials. For example, electricity rose by 8 percent over the corresponding period last year and coal by 6.7 percent, both being higher than the growth rate of industrial production -- 4.9 percent.

With regard to transport, the volume of goods transported in the whole country jumped by 6.4 percent over the corresponding period last year. The volume of rail frieght rose by 8.4 percent and the handling capacity of harbors by 13.8 percent, both being higher than the growth rate of industrial production in the corresponding period. Thus the strain on transport has improved somewhat.

In terms of the scale of investment in fixed assets, the total investment in fixed assets of state enterprises in the first half of last year increased by 38 percent, but it rose by 17.3 percent in the first half of this year. It is thus seen that the growth rate went down sharply. The proportion of state investment in energy and transport was larger than that of the corresponding period last year, while the proportion of investment in non-productive undertakings was smaller. Meanwhile, the proportion of investment in promoting scientific and technological advances rose, while the proportion of investment in pursuit of increasing production capacity dropped. This indicates that the inflated momentum of investment infixed assets has been curbed. What is more encouraging is that the situation in agricultural production, a decisive factor for China's economy, is good. The national output of grain crops this summer reached 91.88 million tons, 3.14 million tons more than last year. The output of rape seed was equivalent to that of last year, or is estimated to increase a little. In addition, the seeded area of early rice also increased this summer. all this has banished people's worry about this year's agricultural production.

In terms of foreign trade, according to figures compiled by China's customs, in the first 6 months of this year, the total volume of imports and exports amounted to U.S. 33.43 billion, up by 10.9 percent over the preceding year. Of this, the total volume of exports reached U.S. 13.53 billion, representing a rise of 14.4 percent. Due to the reduced world prices of crude oil and Farm and sideline products, and the reduction in foreign exchange earnings, the total volume of imports was still larger than that of exports by U.S. 6.37 billion.

Along with the improvement in market supply in the first half of this year, price hikes have been relaxed. The total volume of retail sales reached 235.1 billian yuan, an increase of 11.8 percent, but the growth rate was considerably lower than that of last year. Moreover, market supply is ample and rural fair trade is lively. In particular, the supply of meats, poultry, aquatic products and vegetables has improved and their prices have become stable. all this has set people's minds at rest.

All the above indicates that the retrenchment policy adopted by the party Central Committee and the State Council to cool down the over-heated economy has yielded good results.

Where Do Bad Tidings Come From?

Thanks to the retrenchment policy, the growth momentum of social demand has gradually slowed down, the gap between supply and demand has closed somewhat, and the economic situation as a whole has begun to get better. Under such circumstances, does it mean that we can fluff up the pillow and have a good sleep?

Referring to this question, Zhang Zhongji, spokesman for the State Statistical Bureau, pointed out: There are still problems and difficulties in the national economy at present. The two major problems are that the economic efficiency of industrial and commercial enterprises is not productive, and that the situation in which demand overstrips supply has not been fundamentally changed. The growth rate of state investment in fixed assets, the outlay of workers' wages, and group pruchasing power in the first half of this year were all lower than that of the corresponding period last year, but it was higher than this year's production growth rate. Furthermore, state revenues do not grow inline with expenditures, and foreign trade still shows a heavy deficit.

Seeing through the appearance of these phenomena to get at the essence, we may come up with the following views:

-- The measures "to slowly put on the brakes" have not improved economic efficiency. This shows that China's enterprises have not been invigorated. This is because, in the course of implementing the policy of controlling social demand, too strict administrative measures of "uniformity" were adopted. For example, the failure to readjust the structure of captial movement left enterprises short of floating capital and difficult to operate. Furthermore, last year's excessive increase in worker's wages made them feel that this year's real incomes have not increased much. As a result, the incentive role of bonuses has been jaded and the enthusiasm of workers and other employees in work has subsided. This demonstrates that China lays undue emphasis on administrative measures to tighten control of macroeconomy and lacks experience in using economic measures.

-- The measures "to slowly put on the brakes" have failed to stop that rise of purchasing power over the increase of supply of goods. Demand still exceeds supply and the gap between demand and supply is widening. [passage omitted]

-- The measures "to slowly put on the brakes" have not overcome inflation of investment in fixed assets in the country. [passage omitted]

Of course, these are not the only hidden dangers in China's current economic life. for example, how to balance the budget? How to improve the adverse balance of foreign trade? How to keep the destabilizing factor of price hikes under control? All these are new problems, emerging after implementation of the retrenchment policy. We may say that the good news is mixed up with bad tidings.

Will There Be Economic Recession?

In order to cool down its over-heated economy, China has adopted the retrenchment policy. Everyone approves of these measures. However, when the growth rate of the total industrial output value went down suddenly to 5.6 percent and 0.9 percent in January and February this year from 24.5 percent and 22 percent in the corresponding months last year, many people in economic circles felt perplexed and uneasy. Some of them said that in the 27 years between 1953 and 1980, the rate of industrial growth was always over 6 percent, but today's figures while we are carrying reform are lower than 6 percent. This cannot be explained. They worry whether the drastic drop means that China's vigorous economic development is losing momentum. Some even worry whether such a low growth rate means that a "cold season" in economic development is approaching. [passage omitted]

Those who worry about great fluctuations in China's economy may have a precedent to go by. Since the founding of the Republic, the country witnessed over-heated economy in 1958, 1970 an 1978. On the three occasions, the state took measures to put an immediate stop to economic development. Consequently, this led to great fluctuations of the economy and caused heavy losses. Taking these lessons as a warning, this time China's policy-makers adopted the wise policy of "putting on the brakes slowly" to deal with the problem of over-heated economy. They did not hope problems would be solved overnight but step by step. The policy has also created fluctuations, but they are very small when compared with previous ones. [passage omitted]

In the world there are no perfect remedies and surefire policies. The fluctuations appearing in China's economy in the first half of this year are not like those appearing under the previous economic structure. They have emerged at a time when the old and new structures are interlocked, and urban and rural reforms have converged. It is inconceivable that such fluctuations will result in economic recession.

CENTER TO COORDINATE TIES WITH FOREIGN FIRMS

HK110618 Beijing RENMIN RIBAO in Chinese 6 Aug 86 p 2

[Report by Feng Xiao: "Opening a New Window for Foreign Cooperation -- Officials of 'Coordinating Center For Foreign Cooperation of Medium-sized and Small Enterprises' Answer Reporter's Questions"]

[Text] The establishment of the center for coordinating cooperation of small and medium-sized enterprises with other countries ("center" for short) has attracted the attention and interest of business circles. A few days ago, this reporter interviewed Wu Qian, director of the "center", and his chief engineer, Tang Jushang, and asked them to answer a few questions of interest to our readers.

Question: What are the tasks of the "center"?

Answer: "As a window, it plays an intermediary role." This is the aim of the "center" put forth by Premier Zhao Ziyang. The concrete tasks of the "center," entrusted by the State Economic Commission, are to coordinate cooperation of small and medium-sized enterprises of our country with other countries, to promote contact between them, and to stimulate the development of our small and medium-sized enterprises.

Question: At present there have been many windows for opening up to the outside world in our country. Are there any special features of the window opened by the "center?"

Answer: As a window, our "center" mainly plays the role of intermediary in the following three respects.

-- Do a good job of the role of intermediary. The "center" will not replace the part performed by other departments as windows for opening to the outside world. It only plays a major role of intermediary between departments, areas themselves, and between departments and areas. Working in coordination with other relevant departments, the "center" helps solve problems that a department or an area find difficult to iron out in its economic and technical cooperation with other countries.

-- In coordination with the relevant departments, it helps Chinese-foreign joint ventures, cooperative enterprises and enterprises run exclusively with foreign investment solve their problems with regard to production, operations and management. For example, an FRG-Chinese joint venture came across some problems which involved many departments. When it was at a loss what to do, the "center" helped it make contacts with the departments concerned and the problems were finally solved.

-- At the request of our small and medium-sized enterprise, the "center" helps establish connections with governmental and non-governmental small and medium-sized enterprises of other countries. It also imports and absorbs experiences of foreign small and medium-sized enterprises in production and management through participation in relevant world conferences.

Question: What has been done by the "center" since its establishment?

Answer: Since its establishment a few months ago, the "center" has associated with business circles of many countries and established regular or irregular contacts with economic organizations and small and medium-sized enterprises of more than 20 countries and regions, including the FRG, Japan and the United States, as well as ambassadors and attaches of their embassies to China. Meanwhile, it has exchanged a great deal of correspondence with enterprises at home and abroad. We also exchange visits with enterprises of other countries. Early this year, a delegation of our small and medium-sized enterprises visited the FRG and successfully promoted cooperation of small and medium-sized enterprises between Baden-Wurttemberg of the FRG and Suzhou, Wuxi and Changzhou of our Jiangsu Province; it is expected that a certain number of contacts will be concluded between them this year. Moreover, the "center" has also established connections with some large corperations of our country.

BEIJING INSURES MORE FOREIGN-FINANCED PROJECTS

OW091408 Beijing XINHUA in English 1346 GMT 9 Aug 86

[Text] Beijing, August 9 (XINHUA) -- The Beijing Branch of the People's Insurance Company of China has a total of 1.8 billion U.S. dollars insurance premiums from foreign-financed projects in the city.

The projects include Sino-foreign joint ventures, enterprises with sole foreign investment and offices representing foreign firms. Among the 50 policies are indemnity for losses of profit, machines, transport, accidents and theft.

The premium income of the branch collected from these projects during the first six months of this year was 5.5 times that of the corresponding period in 1985.

Yu Yingyuan, deputy manager of the branch's Foreign Insurance Department, attributed the rapid growth of business to the increase of Beijing-based foreign enterprises and their new forms of economic activities.

It has been calculated that by the end of June, there were 834 representative offices of foreign and overseas enterprises in China, including those from Hong Kong and Macao. The number of joint ventures reached 196. Most of these business agents and enterprises have registered with the insurance company, Yu said.

Meanwhile, the branch's domestic service is also booming, said another official from the home insurance department. Now the company is servicing 100 policies with a total premium of 30 billion yuan. About 80 percent of the city's collectively-owned enterprises have at least one policy each. And 327,000 households have been insured, as against only one five years ago, the official added.

RENMIN RIBAO ON RURAL ECONOMIC SITUATION

HK120155 Beijing RENMIN RIBAO in Chinese 9 Aug 86 p 2

[Newsletter by RENMIN RIBAO reporter Chen Jian: "New Tests, New Opportunities -- Roundup of Rural Economic Situation in the First Half of This Year" -- capitalized passages published in boldface]

[Text] The summer harvest situation has already become clear and people have begun to sum up the rural economic situation of the first half of this year. This reporter visited all the relevant departments in the agricultural sector and inquired into the status of the situation through various people. Many people hold that the gradual deepening reform and the quickly changing rural economy were confronted with new tests while making progress.

The rural economy in the first half of this year has revealed to us the following characteristics:

1. OUR LEADERSHIP OVER AND SUPPORT TO OUR RURAL ECONOMY WERE INTENSIFIED AND THERE WAS A NEW DEVELOPMENT IN OUR GRAIN PRODUCTION. Since last winter and spring, various areas have striven to implement the policy of "regarding agriculture as the foundation," the grass roots have "subsidized agriculture with income from industry," and the localities have substantially increased their investment in agriculture. Guizhou, Sichuan, Hubei, Guangdong, Guangxi and Shaanxi alone have increased by 450 million yuan their allocation of funds for capital construction and administration expenditures for their agriculture. The central authorities have also increased their investment in the bases that produce agricultural and sideline products and those that earn foreign exchange through exports or produce well-known quality local special products. People have begun to be enthusiastic again in carrying out agricultural capital construction in which they lost their interest for a few years. Our various areas have put in about 40 million days of labor to reclaim and improve 15 million mu of farm land. The sales of fertilizer have risen by over 10 percent compared with the same period last year. The percentage of agricultural loans that are used for farming and to help poor areas has also risen substantially. This year, the summer grain output in the whole country was more than 3 million metric tons over that of last year. Judging by the situation in various areas, the per mu output of wheat failed to rise substantially, but that of rice rose substantially. The increase in summer grain output was the consequence of intensified leadership, the rebound of market grain prices, and the decrease in the area of land for growing industrial crops such as cotton and flax in various areas. The output of marketable vegetables, fruit, melons and aquatic products was also greater than that in the same period last year.

2. WE PAID UNPRECEDENTED AND CLOSE ATTENTION TO THE TENS OF MILLIONS OF RURAL PEOPLE WHO DID NOT HAVE ENOUGH FOOD OR CLOTHING. OUR WORK TO HELP THE POOR ENTERED A NEW PERIOD OF ASSISTING THEM DEVELOP THEIR UNDERTAKINGS. [paragraph continues]

The establishment of the State Council's Leading Group over the Economic Development of Poor Areas and the formulation of the principle of attaching importance to "economic development" shows that people's understanding about the work of helping the poor has deepened. Correspondingly, all areas have made new efforts to probe into ways to help poor areas with funds, personnel, and resources. Shanxi, Henan and other provinces have switched from subsidizing the poor to providing them loans to help them develop production. The State Scientific and Technological Commission, the Ministry of Geology and Mineral Resources, and other departments have provided service in an effort to help poor people overcome poverty and have thus attracted everyone's attention.

3. WE HAVE BEGUN TO APPLY THE MARKET MECHANISM WHICH HAS THUS BEGUN TO PLAY ITS REGULATORY ROLE. THIS HAS GIVEN GISE TO A SUBSTANTIAL FLUCTUATION IN THE SUPPLY OF AGRICULTURAL AND SIDELINE PRODUCTS IN LINE WITH DEMAND. The first half of this year was characterized by the shrinking of the demand for some agricultural and sideline products. In addition, some areas set barriers for the exchange of goods and thus caused demand to fluctuate. As the prices of food for animals rose and as eggs and meat were stockpiled, there was a decline in animal husbandry in which we had made strenuous efforts to start development. After a sharp fall of cotton output last year, there was a further decline in the cotton field areas by about 10 million mu. This was a sharp decline rare in our history. The area of land growing hemp and flax fell by over 60 percent compared with last year and there was also a fall in the area of land that grew the industrial crops such as tobacco, sunflowers, peppermint, and sugar cane. The money that we spend in the first half of last year in purchasing agricultural and sideline products dropped compared with the same period last year.

The fluctuation in supply and demand was an inevitable outcome of the development of the commodity economy. This showed that our rural market has not yet become mature and our rural market has become even more closely linked with our masses of peasants who have been accustomed to a natural economy, to learn about and become adapted to the commodity economy.

What is worth noting is that there has been a trend toward reduction in the number of rural specialized households and individual industrial and commercial traders that have registered in our industrial and commercial administrative departments, the peasants in some areas have become less enthusiastic in developing their business and making investment. Sales of automobiles, boats and tractors which sold well for a time are sharply decreasing. It seems that steadily expanding demand should be an important task for a time to come in developing our rural economy.

4. THE GROWTH RATE OF OUR PEASANTS INCOME SLOWED DOWN AND STEADILY INCREASING OUR PEASANTS' INCOME IS BECOMING A MAJOR AND DIFFICULT TASK IN OUR RURAL WORK. some specialists held that this year our peasants' income will be higher than that of last year, but as the development of our township and town enterprise products fluctuated, the rate of increase may be smaller. What has pleased us is that all the areas have achieved new progress in developing a rural commodity economy in light of local conditions. In particular, it will continue to maintain a growth rate of 20 percent in spite of the rise in the costs of township and town enterprises and tax burdens.

Development is a historical process of continuously blazing new trails and forging ahead. A review of the development of our rural economy in the first half of this year should fill us with confidence and also keep us sober-minded. How are we to protect and support our peasants' initiative in developing the economy, how are we to protect rural enthusiasm in setting up businesses and making investments, how are we to utilize, stabilize and expand rural markets, how can our peasants grow into independent commodity producers as soon as possible...? Our tasks of rural reform are still heavy and it is still far from being fulfilled. New tests are urging us to more conscientiously probe into and carry out our reform.

PEASANTS IN WESTERN ZONES NARROWING INCOME GAP

OW120233 Beijing XINHUA Domestic Service in Chinese 0028 GMT 11 Aug 86

[By reporter Jiao Ran]

[Text] Beijing, 11 Aug (XINHUA) -- Because of accelerated economic growth in the rural areas of western China over the past 2 years, the gap between the income of peasants in the nation's western economic zones and that of their counterparts in the central and eastern economic zones is narrowing. In 1985 the average income of peasants in the western zones increased faster than that of peasants in the east.

This was disclosed by the Rural Investigation Group of the State Statistical Bureau.

Economic development in China's rural areas has been highly uneven. For a long time the income of peasants in the western zones was substantially lower than that of peasants in the central and eastern zones. Because most of the major means of production can move freely from one part of the country to another in recent years, resources of the eastern economic zones -- which include Shanghai, Beijing, Tianjin, Zhejiang, Guangdong, and Jiangsu, where peasants enjoy the highest income in the country -- have been moving to the western zones, which include Ningxia, Sichuan, Shaanxi, Guizhou, and Gansu, where the peasants' incomes are the lowest. This has stimulated economic development in the west, providing the peasants there more ways to make money. According to a sampling conducted by the Statistical Bureau's Rural Investigation Group, the average per capita income of peasants in the western zones was 321.7 yuan in 1985, or an increase of 14.9 percent over 1984; the average per capita income of peasants in the central zones was 388.6 yuan in 1985, or an increase of 9.5 percent over 1984; and the per capita income of peasants in the eastern zones was 462.7 yuan in 1985, or an increase of 9.4 percent over 1984. This shows that the income of peasants in the western zones was growing faster than that of their counterparts in the east.

Comparing the per capita income of peasants in the three economic zones against the national average shows that, in 1984, the per capita income of peasants in the eastern zones was 19.1 percent higher than the national average; the per capita income of peasants in the western zones was 26.9 percent lower than the national average; and the per capita income of peasants in the central zones was basically the same as the national average. The situation changed in 1985. In 1985, the per capita income of peasants in the eastern zones was 16.6 percent higher than the national average, and the average per capita income of peasants in the western zones was 23.6 lower than the national average. Based on the economic situation of the first 6 months, some economic experts believe that the gap between the net incomes of the peasants in these zones will continue to narrow this year.

The tendency shows that the nation's economy is developing from the east to central and western China, and that the economies of various economic zones are developing at the same time.

RURAL ENTERPRISES BECOME EXPORT ORIENTED

OW110112 Beijing XINHUA in English 0100 GMT 11 Aug 86

[Text] Beijing, August 11 (XINHUA) -- Nearly two thirds of China's 12,220 enterprises owned by rural collectives are now export-oriented, according to Zheng Tuobin, minister of foreign economic relations and trade. These enterprises earned the country four billion U.S. dollars in 1985, 700 million dollars more than in 1984.

China will tap the export potential of rural and defense industries during the Seventh Five-Year Plan period (1986-1990), the minister said. In Jiangsu province, now pioneering rural industrialization in China, more than 1,000 rural enterprises are producing for export, he said. Next to Jiangsu are Guangdong, Fujian and other coastal regions, where growing attention is being paid to helping rural industries export their goods.

OFFICIAL URGES HALT TO INDUSTRIAL LOSSES

OW081404 Beijing XINHUA in English 1349 GMT 8 Aug 86

[Text] Beijing, August 8 (XINHUA)--Turning unprofitable industrial businesses promptly into profitable ones is vital to "China's efforts to keep a balance between revenue and expenditure" this year, a senior State Economic Commission official said today. Industrial losses amounted to 2.01 billion yuan (about 543 million U.S. dollars) in the first half of this year, 75 percent of the total for the whole of 1985. The official said, "The chemical, machine-building, electronics, coal and light industries reported increased losses during that period."

Industrial losses dropped from 4.27 billion yuan in 1982 to 2.68 billion yuan last year. "The government plans to reduce losses by 15 percent this year," the official said. "Leaders of all localities and departments must do everything in their power to meet the target." He said increased losses were due largely to mismanagement. He called for the introduction of the initiative-based responsibility system throughout the country in a campaign to turn unprofitable businesses into profitable ones within a prescribed period.

With regard to businesses turning out saleable products and yet suffering losses mainly because of outdated equipment, the government policy is to aid them in speeding up technological upgrading, he pointed out.

"Meanwhile, we must resolutely shut down those factories suffering chronic losses and producing poor-quality goods at high cost," he said.

RETAIL PRICE INCREASES BEGIN TO SLOW DOWN

OW100608 Beijing XINHUA in English 0550 GMT 10 Aug 86

[Text] Beijing, August 10 (XINHUA) -- Price increases have begun to slow down following a year's fluctuation, the recent issue of Chinese English language weekly BEIJING REVIEW reports.

It quotes the State Statistics Bureau as saying that the prices of major consumer goods in the first half of this year remained at about the same level as they were last December and a comparison between 1986 and 1985 on a monthly basis shows that retail price rises dropped from 8 percent in January to 3 percent in June. The general retail price index for the first six months of this year was 5.5 percent higher than in the corresponding period last year. The consensus is that the rate of increase in retail price index can be limited within 6 percent.

The inevitable outcome of the price reform is that increased prices have brought about a glut in market supplies, which, in turn, have brought the prices down, it quotes director of the State Price Bureau Cheng Zhiping as saying.

China began its price reform last year, the first time such a big adjustment to the price system has been made since the founding of the People's Republic. The old price system was considered as neglecting the law of value.

Soon following the reform, prices of some goods shot up dramatically, especially the prices of meat, eggs, poultry and vegetables and the government began to offer monthly subsidies to help consumers to offset the higher prices. But soon complaints were dying down as the people found their life becoming better although things were more expensive. This proves that people's living standards do not depend on the stability of prices, the journal says, but on the quantity of goods produced and price reform has stimulated production, which, in turn, helped improve people's life.

Now in many localities, the prices of meat, eggs, poultry and vegetables have been stable or, in some cases, are even coming down. The rate of price rises for most staple and some non-staple food has been slowing down. Meanwhile, the prices of clothing, articles for education and recreation, medical treatment and medicines have all been going up steadily, though there is a tendency for the rate of price increase to come down along with the cost of living index. This is particularly obvious in bigger cities, the journal says.

Economists here attributed the encouraging phenomenon to, among other things, the efforts of local governments' strict measures to strengthen the control of market prices. They predicted that the rate of retail price increase will not be higher in the latter half of this year.

But the journal points out that the prices of raw materials for some light industries are going up, which will inevitably push up retail prices of many daily necessities, including newspapers and magazines.

PRC ACHIEVEMENTS IN SATELLITE RESEARCH

HK110525 Chengdu SICHUAN RIBAO in Chinese 23 Jul 86 p 2

[Report by Zhang Liquan and Chen Ruzhen: "Bring the Launching of Satellites and Rockets Under Control — Deeds of the 10th Research Institute Under the Ministry of Electronics Industry in Developing the Satellite Monitoring and Control System"]

[Text] Glad tidings poured in from Beijing that the radio monitoring and control system for a satellite-carrying vehicle successfully developed by the 10th Research Institute under the Ministry of Electronics Industry won the national scientific and technological progress award, special class. In addition, various parts of the system's equipment also won national gold and silver medals for quality.

The system includes China's first generation large multi-functional microwave monitoring and control system, continuous wave multi-station monitoring equipment, and rocket installed responder. With this complete radio monitoring and control system, we can collect and transmit data on the flight path after launching the carrying vehicle and transmit telemetering and telecontrol data of the satellite orbit after placing the satellite in a synchronized orbit 35,800 kilometers away from the earth. On 1 February 1986, China successfully launched another synchronized satellite. The radio monitoring and control system for the satellite-carrying vehicle developed mainly by the system for the satellite-carrying vehicle developed mainly by the 10th Research Institute satisfactorily accomplished the essential monitoring and control tasks for the satellite.

The development and launching of synchronized satellites was one of China's grand space plans approved by the late Chairman Mao and Premier Zhou. In 1974, the state assigned the mission of developing the radio monitoring and control system for a satellite-carrying vehicle to the 10th Research Institute.

The 10th Research Institute had a galaxy of talent who took part in the experimental launching of satellites and missiles on several occasions. The institute's leading cadres, scientists, technical experts, and workers were inspired to undertake the mission of designing and developing China's first generation large multi-functional monitoring and control system. However, the "gang of four," who were then in power, tried by every means to make trouble. They clamored "up goes the satellite, down goes the red flag," which resulted in hindering the design and research work.

The downfall of the "gang of four" heralded a spring for science. Fu Laixiu, secretary of the institute CPC Committee at that time, told the comrades with fervent enthusiasm: "Now is the time for us to make all-out efforts." Together with the head of the institute Wang Yanhe, chief engineer Qian Wuhuang, and chief designer Guo Zhigang, Fu Laixiu reexamined the sketch design and started work with great enthusiasm. Then, all the offices, research centers, and workshops were in a bustle.

True, it was no easy job to attain advanced world levels by taking our own path. While China had not yet mastered such sophisticated technology, some countries enforced a technological blockade. Although there were numerous difficulties, the chief engineers, designers, group leaders, and technical workers of the institute were full of confidence and were resolved to catch up with and surpass advanced world levels.

Many units took part in developing and designing the project. The 10th Research Institute undertook the task of developing the multi-channel rocket installed responders, in which each responder had to deal with three ground stations. As the equipment had never been manufactured by China before, the responders could possibly interfere with each other and might strike sparks from high voltage if they were not properly designed. How should the question be settled?

The research workers consulted foreign reference materials and made explorations while conducting experiments. They drafted a folding frequency plan and applied the new technology of beat frequency to eliminate interference. After some 300 experiments were conducted, they found out why the sparks struck from high voltage and fundamentally resolved the difficult problem. Hence, they recorded things not even specified in foreign books.

Manufacturing a piece of equipment does not mean that everything will be fine. There are still many problems to be resolved. For example, after the manufacturing of the sample large multi-functional monitoring and control system, the machine cabinet, 1.8 meters in height, had to undergo temperature experiments in order to obtain accurate data of the impact of temperature on the equipment. However, the institute did not have such a big hothouse. What was to be done? With the cooperation of the comrades of the technology supervisory section, chief designer Guo Zhigang set up a laboratory with the materials available and made use of the low temperature of the winter evening and the high temperature produced by a room heater to resolve the difficult problem. As it was around Spring Festival, they spent the new year conducting the experiment.

After the end of 1981, the radio monitoring and control system developed mainly by the 10th Institute was transported to the base for installation. If we say that the design and production of the equipment relied mainly on the ambition and wisdom of the comrades of the 10th Institute, the test run of the equipment had to further rely on their spirit of revolution and dedication to the state. Take the test-run experiment of the rocket installed responders produced by the 10th Institute for example -- Xia Zaixing, deputy head of the responder room, and engineers Sun Bingchu, Xiong Wanhua, and Feng Liandi who took part in the experiment were all middle-aged comrades. Apart from the hard conditions at the experimental base, some comrades were not in good health and some had family problems. As a result, they were confronted with numerous difficulties. Nevertheless, they went on undeterred by the dangers ahead. They boarded the airplane with the equipment and conducted the experiment with the stations one by one. They made some 20 flights and passed through 8 ground stations, travelling over 6,000 kilometers, and successfully accomplished the experimental mission.

When China launched its synchronous communications satellite, the comrades of the 10th Institute were proud to see that the equipment they produced could stand various tests and proved itself to be a first-class product of world standard. Hence, they resolved to work harder to further develop China's sophisticated technology.

GEOSYNCHRONOUS SATELLITE A TOOL FOR METEOROLOGY

OW071245 Beijing XINHUA Domestic Service in Chinese 1029 GMT 6 Aug 86

[By reporter Sun Maoqing]

[Text] Beijing, 6 Aug (XINHUA) — The "Geosynchronous Satellite High and Low Resolution Image Processing System" passed assessment tests in Beijing on 5 August.

This system will be able to display synoptic and cloud charts ranging from the Pacific Ocean in the east, Europe in the west, the Equator in the south, and the Arctic forecasting calamitous weather and in ensuring flight safety in good time.

The following is what this reporter saw in the showroom of the appraisal meeting. As soon as the geosynchronous weather satellite sent out the signals, the receiver immediately fed them to a computer for processing. The monitor screen soon displayed a 16-color synoptic chart showing cloud layers, thunderstorms, torrential rains, and typhoons in various localities. Also on the chart, one could see clearly the location, strength, and movement of a typhoon.

This achievement has brought the role of computer into full play. By making good use of software application, various functions can be performed, such as data input and output, data storage, image filtering, drawing, revision and analysis of cloud charts, geometric conversion, showing cloud charts in consecutive order, and color mimeographing. Experts believe that the performance and functions of the system are in the lead domestically, while some of them are better than similar products abroad. The system indicated that China has taken an encouraging step toward modernization of geosynchronous satellite high and low resolution image processing.

This achievement was attained through the joint efforts of the Air Force Meteorology Institute and the Air Force Meteorological Center with the assistance of the Shanghai Jiaotong University.

GUANGMING RIBAO ON LEADER RESPONSIBILITY SYSTEM

HK111242 Beijing GUANGMING RIBAO in Chinese 3 Aug 86 p 3

[Article by Shen Ronghua: "Further Improve the Leader Responsibility System"]

[Text] The PRC Constitution clearly specifies that the state administrative organs pursue the leader responsibility system. Practice in the past few years shows that this leadership system can raise the efficiency of administrative work and has many advantages. However, some aspects in this system have yet to be further improved. Many aspects of the leader responsibility system have not yet been concretely specified in the form of administrative regulations, so many things cannot be based on laws and regulations. The following points are some prominent problems: First, the scope of issues to be dealt with at administrative meetings is not clearly specified. One of the characteristics and advantages of our country's leader responsibility system is that major issues within the jurisdiction of state administrative organs must be collectively discussed and decided at administrative meeting so as to ensure democratic procedures and pool the wisdom of the leading body. However, our law now does not clearly define major issues and ordinary issues, so various localities have different decision-making procedures to handle administrative affairs. This has given rise to two deviations: 1) Some members of the leading bodies of state administrative organs wittingly or unwittingly make decisions on major issues on their own without submitting such issues to the whole leading body for collective discussion. In such cases, they abuse their powers. 2) Some leaders of state administrative organs like to submit minor issues which they themselves can solve personally to the administrative meetings of their organs for fear of violating the collective leadership system and taking responsibility for such things. This creates too many issues to be solved at the administrative meetings, and these issues pile up and cannot be solved quickly.

Second, it is not clear whether the leader of an administrative organ has the power to finally decide some things. Under the leader responsibility system although major issues must be discussed by the leading collective, this does not mean that all personnel participating in the administrative meeting have equal power to decide things or have an equal vote. At the administrative meetings, decisions are not made according to the principle of the minority being subordinate to the majority; instead, final decision are made by the leader of the organ on the basis of summing up the correct opinion at the meeting. The question now is if different opinions appear at a meeting, whether the leader has the power to make a final decision or even veto the opinion of the majority. Because there are no clear stipulations in the law on this point, two extreme practices are often seen in our work: In some cases, the leader responsibility system is simplistically regarded as a system under which departmental leaders can decide everything on their own. At meetings, the leaders do not carefully listen to other people's opinions and do not seriously sum up correct opinions, because they think that they themselves will have the final say and other people's opinions are not important. In other cases, when different opinions appear at the meetings, leaders do not make resolute decisions but just blindly follow the opinion of the majority. This leaves the leader responsibile only in name. Third, the responsibilites and duties of each member of the leading body are not clearly defined. According to Articles 92 and 110 of the Constitution and Article 32 of the Local Organizations Law, the people's government should be answerable to the people's congresses at the same level and to the state administrative organs at the higher level. Many people think that each leader of an administrative organ only bears part of the collective responsibility and does not bear any personal responsibility for the organ's work. That is to say, all members of the leading body have to share responsibility when there are problems in the organ's work. As a result, "collective responsibility merely exists in name, and in fact no person really takes responsibility." ("Selected Works of Deng Xiaoping," p 141) Fourth, the functions of party organizations are not clearly separated from the functions of the administrative organs. Through reform in recent years, the phenomenon of party functions being confused with administrative functions has been reduced but has not been completely overcome. Some party committees still meddle in the routine administrative affairs of the government at the same level, while some party committee in educational, industrial, finance, and other departments are still handling the professional work of these department by approving documents, making decisions, and issuing instructions. This will prevent the party organizations from concentrating on handling party affairs and ensuring the implementation of major policies and principles. At the same time, this also hinders the administrative leaders from exercising centralized and efficient leadership over routine adminsitrative and professional work. As a result, both the party's leadership and administrative work will be weakened.

In light of the above-mentioned problems and defects, it is necessary to formulate administrative regulations and rules for the state administrative organs to handle their work. The laws and regulations should clearly specify the detailed contents of the leader responsibility system. When formulating these regulations and rules, we should pay special attention to the following points so as to perfect the leader responsibility system.

First, it is necessary to clearly specify the scope of issue being dealt with by the administrative meetings. The regulations and rules should be able to prevent individuals from deciding important issues and prevent minor issues from being left to the leading collective for decision. The best way to achieve this is to clearly specify the scope of issues being dealt with by the administrative meetings.

Issues within this scope must be discussed, and the administrative leaders have no power to make decisions on them before they are discussed at the meetings. issues beyond this scope can be solved by individual leaders according to their division of work. "It may be difficult to avoid mistakes under this system, but it is still a better situation — and easier to rectify — than one in which there are discussions without decisions, decisions without implementation, and endless procrastination and delays in resolving problems." ("Selected Works of Deng Xiaoping," p 247)

Second, it is necessary to clearly specify the power of the administrative leader in making final decisions. In general, this power should be used through the following procedure: The affairs are first fully discussed at the administrative meetings, and the administrative leader makes a decision on the basis of summing up the correct opinions of the majority at the meetings. If different opinions appear at the meetings and no agreement can be reached, the leader should have the power to make the final decision so as to prevent the situation in which endless discussion does not lead to any decision. if the personal opinion of the administrative leader varies from the opinion of the majority of the leading body and if the decision must not be delayed, the leader should have the power to put his own opinion into practice; but if the decision can be delayed, the administrative leader should not deny the opinion of the majority and should again discuss the issue [illegible] another meeting on the basis of making full investigations and studies and making full consultations after the first meeting.

Third, it is necessary to clearly specify the responsibilities and duties of each member of the leading body. Under the responsibility system, the administrative leader should bear main responsibility for the organ's work because he takes charge of the organ's overall work and has the highest decision-making power. However, this does not mean that the administrative leaders should bear responsibility for everything in his organ's work. What he should be responsible for are major and overall affairs. The authorities concerned whould affix the responsibility for a concrete affair to an individual rather than merely to the leading collective by blaming all members of the leading body without discrimination.

It is also necessary to clearly divide the functions of party organizations and administrative organs. "From now on, all matters within the competence of the government will be discussed and decided upon and the relevant documents issued, by the State Council and the local governments concerned." ("Selected Works of Deng Xiaoping," p 299) "Comrades in leading party organs, in addition to seeing that the party's general and specific policies are carried out and deciding on the assignments of important cadres, should devote most of their time and energy to ideological and political work, to mass work, and to helping solve problems directly related to people." ("Selected Works of Deng Xiaoping," p 324) Party committees in various professional, economic, and functional departments should concentrate on ensuring the implementation of the policies in these departments and concentrated on party affairs and should not prevent themselves from being entangled with routine administrative and professional affairs. The state administrative organs should independently perform their functions as specified by law under the leadership of the administrative leaders. At the same time, they should consciously subject themselves to the guidance of the party's policies and to the party's leadership in the organizational, ideological, and political aspects.

DISCIPLINE CASES INVOLVE TWO BILLION YUAN

HK110353 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0156 GMT 8 Aug 86

[Text] Beijing, 8 Aug (ZHONGGUO XINWEN SHE) -- According to a report carried in today's ZHONGGUO FAZHI BAO, the auditing organs of the nation examined the accounts of more than 32,000 units in the first 5 months of this year and exposed discipline violation cases involving 2.4 billion yuan. Of this, there were 235 cases involving over 1 million yuan each.

Since the beginning of this year, the auditing organs of various localities have examined the sources of self-raised capital construction funds of every description; the income and expenses of the large-and medium-size material supply and foreign trade enterprises, financial and taxation departments, bank and trust organs, and educational departments; and receipts from fines and confiscations.

The examination of the accounts shows that the inappropriate sources of many self-raised capital construction funds items are the prominent discipline violation problems at present.

There are also many problems concerning tax evasion and withholding of income figures by the material supply enterprises. In this respect, the discipline violation cases exposed by the auditing organs involved around 100 million yuan.

NEW EDITION OF MAO WORKS TO BE PUBLISHED

OW081320 Beijing XINHUA in English 1202 GMT 8 Aug 86

[Text] Beijing, August 8 (XINHUA) -- A new edition of selected readings from the late Chairman Mao Zedong's works will be published next month by the People's Publishing House.

Compiled by the Editorial Committee on Party Literature of the Central Committee of the Chinese Communist Party, the work, in two volumes, includes 68 articles by Mao Zedong, late chairman of the Central Committee of the Communist Party of China (CPC), written between 1921 and 1965, some of which have not been published before.

An official from the party literature research center of the CPC Central Committee said today that all the articles in the newly-edited book are important and basic works of Mao Zedong which he wrote in various historical periods. They embody "Mao Zedong Thought" -- the scientific result of combining the fundamental tenets of Marxism-Leninism with the concrete practice of the Chinese Revolution and construction, including "On Protracted War" and "On New Democracy".

The first article in the book is the "Speech at Changsha Meeting of the Society of the New Masses" in 1921, which marks Mao Zedong's choosing of the Marxist-Leninist revolutionary road.

The two old editions of the "Selected Readings From Mao Zedong's Works" were published in 1964, but they neglected some important articles.

The official said that the new edition also includes some revisions and supplements to the explanatory notes to some articles in the "Selected Works of Mao Zedong".

In addition, other new works related to Mao — "Selected Poems of Mao Zedong", "Reading: Mao Zedong's Hobby" and an english edition of "Mao Zedong: Biography-Assessment-Reminiscence" — will also be published next month.

WORLD-STANDARD MICROCOMPUTER DEVELOPED

OW080133 Beijing XINHUA Domestic Service in Chinese 1314 GMT 7 Aug 86

[Text] Beijing, 7 Aug (XINHUA) — A Changcheng 0520 C-H advanced Chinese microcomputer, one of the key state scientific and technological projects during the Sixth 5-Year Plan, passed inspection of its finalized production design in Beijing today and will go into mass production soon. This achievement indicates that China's microcomputer technology has attained advanced international standards.

Designed and developed by China's electronics industry in July 1985, this new type of microcomputer makes good use of China's advantages in processing Chinese characters, adopts advanced array [men zhen 7024 7109] technology, and contains a high-quality Chinese-character and graphic display system. It is highly reliable, durable, and largely compatible with U.S. IBM PC microcomputers. Its function of processing data in Chinese characters is superior to the various microcomputers currently imported into China. Trial use has proved that this new type of microcomputer can rival high-quality advanced foreign models of the same type, and has attained advanced international standards.

According to the experts who conducted the inspection, this type of microcomputer is novel in design, reliable in performance, easy to operate, and has wide application in transport, communications, banking, automatic office machines, the military, science research, and the examination of books.

It is learned that in less than a year of trial production, more than 5,000 such microcomputers have been produced and sold, and orders have been placed for 15,000-odd units. Many ministries and commissions under the central authorities have decided to promote the use of this kind of microcomputer instead of importing similar foreign models.

JINGJI RIBAO QUOTES MINISTER ON STEEL OUTPUT

OW070330 Beijing XINHUA in English 0101 GMT 7 Aug 86

[Text] Beijing, August 7 (XINHUA) — China's steel output is expected to top 50 million tons this year, up from 46.7 million tons in 1985, the "ECONOMIC DAILY" reported today. Production will exceed the year's quota by one million tons, the paper quoted Qi Yuanjing, metallurgical industry minister, as saying. He said the country produced 25.5 million tons of steel and 24.1 million tons of pig iron during the first half of the year. Rolled steel output was 20 million tons, according to Qi.

ANHUI MEETING ON RESETTLING MILITARY RETIREES

OW112230 Hefei Anhui Provincial Service in Mandarin 1000 GMT 9 Aug 86

[Text] The Anhui provincial conference on the resettlement of military retirees took place in Hefei 6-7 August. Meng Fulin, member of the Standing Committee of the Anhui provincial party committee, and vice governor of Anhui; and (Liu Guangcai), member of the Standing Committee of the Anhui provincial party committee, head of its Organization Department, and chief of the Anhui Provincial Group for the Resettlement of Military Retirees, addressed the conference.

The meeting conveyed the guidelines set forth at the national conference of advanced collectives and individuals on the resettlement of military retirees and the national conference on the resettlement of military retirees, examined Anhui's experiences in resettling military retirees in 1985, and drew up this year's resettlement projects.

The meeting pointed out that 1986 is the second year of implementing the central authorities' strategic decision of restructuring the Armed Forces and reducing the Armed Forces by 1 million, and that it is also a crucial year in which the largest number of military retirees will be settled. It said: All localities must regard the resettlement of military retirees as an important project and support the Armed Forces' reduction-in-strength reorganization and defense construction with actual deeds.

The meeting urged all localities to welcome the military retirees, place them in proper positions, retrain them earnestly, and use them rationally so that they can give full play to their wisdom and talents in material and spiritual construction, and continue to render new meritorious services to the people.

Those attending the conference -- cadres of provincial, prefectural, municipal, and county organs in charge of resettlement of military retirees -- pledged to follow the guidelines of the conference, and do even better resettlement work this year than they did last year.

FUJIAN PROVINCE SUFFERS WIDESPREAD DROUGHT

HK110817 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1132 GMT 5 Aug 86

[Text] Fuzhou, 5 Aug (ZHONGGUO XINWEN SHE) -- Fujian Province is suffering its most serious drought in the last 80 years. At present, 51 out of the 68 counties and cities in this province are suffering drought which has rarely happened before. Some 2.9 million mu of crops are seriously threatened by the drought. Some paddy shoots have died for lack of water in the 500,000 mu of paddy fields. No rice shoots can be planted in some dry fields.

This year, there has been little rain in Fujian Province. Moreover, the temperature has been very high since July. This makes the drought even more severe. The drought in Fushhou City and Ningde Prefecture is particularly serious. In Quanzhou City, some 600,000 mu of crops is now affected by the drought.

Leading organs at various levels in Fujian Province have gone all out to handle the work of fighting against drought. On 2 August, the provincial government held an urgent meeting to arrange this work. Yesterday evening, the provincial leading organs held an urgent telephone meeting.

Jia Qinglin, deputy secretary of the Fujian Provincial CPC Committee, gave instructions to officials in the drought-stricken areas to fight against drought. Chen Guangyi, secretary of the provincial party committee, and Hu Ping, provincial governor, are now personally directing drought-resistance work in Quanzhou City and Fuqing County.

WAN SHAOFEN VISITS JIANGXI RURAL WORK MEETING

OW110515 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 9 Aug 86

[Excerpts] The provincial symmposium on rural work opened in Nanchang on 5 August and ended today. The main agenda items were to analyze the situation in Jiangxi's countryside in the first half of 1986, exchange experience in rural work, and discuss and arrange tasks for the next 5 years -- all centered round the theme of economic development and more intensive reform in the countryside.

Attending the symposium were responsible comrades in charge of rural work and directors of the rural work departments of all prefectures and cities; secretaries of the party committees of Dongxiang, Wuyuan, Pengze, Xiajiang, Shanggao, Nanchang, and Nankang counties; and responsible comrades of related provincial-level units.

During the meeting, comrades from a number of prefectures, cities, and counties briefed delegates on the production situation in various localities, pointed out the various problems they had encountered in the course of reform, and conducted animated discussions.

Xu Qin, deputy secretary of the provincial party committe, summed up all opinions aired during the meeting and made a speech at the close of the meeting. He noted six points: 1) striving for a steady increase in this year's total grain output and the full development of all other undertakings; 2) continuing to perfect the household contract system; 3) quickly conducting cooperation in rendering services; 4) boldly allowing peasants to enter the market to stimulate commodity circulation; 5) supporting specialized households to prosper through hard work and helping poor households solve feeding and clothing problems; and 6) paying great attention to winter production to lay a good foundation for next year. [passage omitted]

Xu Qin said: This is the first year of the Seventh 5-Year Plan, and obtaining a good harvest for the whole year is of tremendous significance in smoothly accomplishing this plan. Party and government leaders at all levels must brace themselves and make sustained efforts to achieve a steady increase in this year's grain output and general development of all other undertakings as a good beginning to the Seventh 5-Year Plan. To achieve this objective, first, it is necessary to ensure an increase in grain production and strive to fulfill and overfulfill this year's total grain output quota of 31 billion jin, secondly, it is imperative to develop rash crop production; thirdly, it is necessary to accelerate development of aquatic production; and fourthly, it is urgent to strive for the continuing and still greater development of town and township industry. [passage omitted]

In the course of the meeting, Wan Shaofen, secretary of the provincial party committee, came to the meeting hall to visit all participants. Pei Dean, member of the Standing Committee of the provincial party committee, and (Sun Xiyue), vice governor of Jiangxi, attended the meeting.

YANGCHENG WANBAO ARTICLE URGES FREE SPEECH

HK110425 Guangzhou YANGCHENG WANBAO in Chinese 2 Aug 86 p 2

[Article by Chen Xiaochuan: "'There Is No Sound There To Hear' Is Not a Good Thing"]

[Text] Recently, it has been noticeable in society that people "may eat meat at their dining tables but they still like to grumble when putting down their bowls."

Not long ago, I met an elder who was a retired cadre in the provincial party committee at a minior meeting. He said: "Why do those people always grumble? Doesn't our ideological and political work play a role?" It seemed that he did not quite understand the situation in which the masses can freely air what is on their minds, so he asked this question: "Why do you still grumble even when you have meat to eat?"

"The grumbles after eating meat" can be divided into several types of cases: First, as Comrade Zhang Ming said in his article, people are grumbling about various unhealthy tendencies; second, sometimes, when prices increase, housing is in short supply, and it is hard to get on a bus, people may become full of grievances and many grumble aloud; third, their mentality may not be adapted to the redistribution of material interests caused by reform, so they may "grumble" about people who have become rich quickly and about their own not-so-handsome incomes. If we carefully study all these grumbles, we may find that they all reflect things that are on people's minds.

When the people have no worries about openly airing their grumbles, they in fact trust our party. So we should not be too alarmed at such grumbles, still less should we check these grumbles. The sensible attitude toward them is first, to welcome them and second, to encourage people to say what is on their minds. The ordinary people have a clear idea about the Communist Party and the reforms. Although prices have risen, people's living standards have indeed been raised, the party central leadership has taken serious measures against the unhealthy trends and severely dealt with the corrupt cadres involved in serious cases. Everyone is glad to see this. Reform has enabled peasants to lead a wealthier life and they all praise the policies that have brought about this situation. So we should have more self-confidence.

For many years, some of our comrades have been used to listening to people's eulogies and are not used to listening to their lively discussions and grumbles. Whenever they hear people's grumbles they may think that these people are cursing. Perhaps they are too nervous. More than 20 years ago, some intellectuals were labeled as rightists after they aired some critical opinions, which were regarded as "vicious attacks" against the party. This painful lesson must be kept in our minds. Now we should create a frank and harmonious atmosphere in which people may trust each other. We should seriously listen to people's complaints and grumbles and should carefully analyze these opinions. We must not overract to these opinions. Allowing people to speak freely will only be beneficial to our cause. If the masses dare not speak what is on their minds and eveyone keeps silent, it would be a very dismal situation.

Recently, a central leading comrade stressed: Silence is never a good thing for a ruling party. This is a reasonable viewpoint. Since we allow people to speak freely, then we should not expect everything they say to be as pleasant as we hope.

GUANGDONG LEADERS PRAISE PARTY EDUCATION EXHIBIT

HK090153 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 8 Aug 86

[Excerpts] A provincial exhibition on education in party spirit, style, and discipline opened in the Guangzhou cultural center this morning. [passage omitted] Responsible persons of the province and city Lin Ruo, Ye Xuanping, Xie Fei, Wang Ning, Liang Lingguang, Wu Nansheng, Wang Zongchun, Xu Shijie, and Zhu Senlin visited the exhibition a few days ago and fully affirmed its vivid educational materials. [passage omitted]

HENAN RIBAO VIEWS PROCUREMENT, SALES PERSONNEL

HK090658 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 6 Aug 86

[HENAN RIBAO commentator's article: "It Is Necessary To Attach Importance to the Building of Contingent of Procurement and Sales Personnel"]

[Text] To develop socialist commodity economy, a powerful contingent of procurement and sales personnel is required. However, due to the influence of the idea of regarding production as more important than circulation, quite a few problems have existed for a long time in building the contingent of procurement and sales personnel. These problems have impaired the development of commodity production in the province. While much needs to be done to resolve these problems, efforts should be made to promptly grasp the following three tasks at present.

1. Rehabilitate the name of procurement and sales personnel. Some people believe that engaging in industrial and agricultural production is a proper occupation, while engaging in procurement and sales is not proper business. This is the prejudice of those who harbor leftist ideas and the idea of small-scale peasant economy against procurement and sales work.

2. Strengthen leadership over the contingent of procurement and sales personnel. At present, procurement and sales personnel in most industrial and commercial enterprises, and particularly in state-run industrial and commercial enterprises, still engage in the practice of "eating from the same big pot" and [words indistinct]. These industrial and commercial enterprisese have failed to seriously implement the existing responsibility system. When procurement and sales personnel get extra bonuses in accordance with the regulations, some people would be envious. When procurement and sales personnel spend some normal operational money, some people would criticize it as an unhealthy trend. In the right time, some people would make procurement and sales personnel the target of attack. Consequently, even the best responsibility system would become a mere scrap of paper. This situation must be ended as soon as possible.

3. Upgrade the quality of procurement and sales personnel. Procurement and sales is knowledge. All procurement and sales personnel must be determined to update their knowledge, familiarize themselves with the market, master economic information, and gradually bring about the switch from operation-type to scientific-type of the contingent of procurement and sales personnel.

HUBEI MEETING DISCUSSES SUMMER GRAIN OUTPUT

HK100317 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 9 Aug 86

[Excerpts] From 6 to 8 August, the provincial party committee and government held an on-the-spot meeting on autumn sowing in Xiangfan City, which demanded that the province get a good grasp of this year's autumn sowing and production from the plane of strategy and strive for a new advance in summer grain and oil crop production next year.

The meeting conveyed Provincial CPC Secretary Guan Guanfu's views on getting a good grasp of summer grain and oil crop production and doing a good job in this year's autumn sowing. Qian Yunlu, deputy secretary of the committee, and vice governors Wang Hanzhang and Han Danpeng attended the meeting. Wang Hanzhang spoke at the beginning of the meeting. Qian Yunlu delivered a summation. [passage omitted]

Xiangfan City's 5.6 million mu of summer grain this year gave an average yield of 250 kg per mu and a total output of 1.385 million kg. The city's summer grain now accounts for over 40 percent of its annual grain output, compared with 25 percent before the 3d Plenary Session of the 11th CPC Central Committee. The city's main experiences are as follows: 1) Leaders at all levels attach importance to summer grain production. They have strategic vision and have done well in formulating plans and implementing measures. 2) They rely on scientific and technological progress. [passage omitted] 3) All sectors and trade have been mobilized to support agriculture, and services have been stepped up. [passage omitted]

Qian Yunlu demanded that the province do well in studying, learning, and popularizing Xiangfan's experiences. In order to achieve a new advance in summer grain and oil crop production next year, Qian Yunlu stressed the following views in the course of his summation.

1. Fully recognize the important position of summer grain and oil in the province's grain and oil production, and the potentials to be tapped, and strengthen the sense of urgency. [passage omitted] During the Sixth 5-Year Plan, the province's total grain output reached 22.5 billion kg. During the Seventh 5-Year Plan we must reach 25 billion kg, an average of about 475 kg per person. It is essential to make all-out efforts to achieve this goal. [passage omitted]

Summer grain is a weak link in Hubei, and also has the greatest potentials. The party committees and government at all levels must strive for a breakthrough in summer grain output so as to help raise grain output to a new level. Next year we should strive for an improvement of 25 kg in average yield per mu, to reach 200 kg. Total summer grain output should surpass 5 billion kg. We must from now on do a good job in all preparations for autumn sowing and fulfill the task with high standards and quality.

2. We must apply the spirit of reform to grasp key technical measures in summer grain and oil production. We must rely on scientific and technological advance and continue to bring into play the power of the policies. [passage omitted]

3. Strengthen leadership and step up the provision of services. [passage omitted]

NEI RONGGUI ON SICHUAN POPULATION PROBLEMS

HK100237 Chengdu Sichuan Provincial Service in Mandarin 0930 GMT 9 Aug 86

[Text] The current population situation in Sichuan has become a very heavy burden on the province's economic and social development. This was stated by Nei Ronggui, deputy secretary of the provincial party committee, at the provincial birth control work conference convened this afternoon. He hoped that the comrades will clearly understand the situation and attach great importance to controlling population growth.

Sichuan is facing a peak birth period lasting more than 10 years, when it will be directly affected by the second peak birth period that occurred during the years 1963-1975. Whether we can strictly control population growth and fulfill the state's population plan during this peak birth period represents an extremely great problem facing the province.

Nie Ronggui stressed at the meeting: We must certainly not slacken birth control just because the economy is maintaining sustained and steady development, neither can we neglect birth control just because the population growth rate is declining each year." Still less can we negate the important position of birth control in the whole process of economic and social development just because people's living standards have improved. The party committees and government at all levels must assign birth control work an extremely important position and regard it as a long-term strategic principle to be grasped without pause.

Liu Chunfu, director of the provincial birth control leadership group, delivered a report at the meeting. He said: The Seventh 5-Year Plan coincides with a peak birth period. For 11 successive years, 1987 to 1998, over 1.2 million young couples will be entering the age of marriage and child-bearing every year. The province must keep its annual natural population growth rate below 11 per 1,000 during the Seventh 5-Year Plan. Whether compared with the whole country or with the province's effort during the Sixth 5-Year Plan, this task is extremely arduous and heavy.

Also present at the meeting today were Huang Qichao, member of the Standing Committee of the provincial party committee; Liu Haiquan and Liu Yunbo, vice chairmen of the provincial People's Congress Standing Committee; and responsible persons of the provincial Birth Control Commission.

During the meeting the participants will discuss how to strengthen leadership and raise birth control work in the province to a new level.

SICHUAN LEADERS AT LONG MARCH VICTORY EXHIBIT

HK090222 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 8 Aug 86

[Excerpts] To mark the 50th anniversary of the victory of the Long March of the Chinese Worker-Peasant Red Army, a photographic exhibition organized by the Political Department of Chengdu Military Region, the Sichuan Provincial Exhibition Hall, and the provincial photographers' association opened in Chengdu on 8 August. [passage omitted]

The opening ceremony was attended by Wan Haifeng, Yang Rudai, He Haoju, Jiang Minkuan, Ma Bingchen, Li Shuo, Feng Yuanwei, Yang Wansuan, Gu Jinchi, Meng Dongbo, Ji Chunguang, Shao Nong, and other leading comrades of Chengdu Military Region, the Sichuan Provincial CPC Committee, Advisory Commission, Discipline Inspection Commission, People's Congress Standing Committee, government, and CPPCC, and Chengdu City CPC Committee and government. [passage omitted]

Chengdu Military Region Political Commissar Wan Haifeng and Provincial Party Committee Secretary Yang Rudai made speeches. [passage omitted]

YUNNAN TO CHECK ON ENTERPRISE REORM PROGRESS

HK090257 Kunming Yunnan Provincial Service in Mandarin 2200 GMT 8 Aug 86

[Excerpts] The provincial government recently decided to carry out a major province-wide check on the implementation of enterprise decision-making powers, on stopping the practice of indiscriminately imposing charges and fees on enterprises, and on product quality, so as to eliminate obstacles and spur the progress of economic structural reform, and also to solve the problem of social and economic results being adversely affected by a decline in product quality. The main contents of the check are as follows:

1. The implementation of the relevant policies on expanding decision-making powers issued by the State Council and the provincial government.

2. The situation in putting a stop to the practice of indiscriminately imposing charges and fees on enterprises, together with views on dealing with such cases.

3. The situation in implementing policies and the existing problems in the first batch of 97 enterprises designated by the provincial government for invigoration this year.

4. The measures and the implementation of the measures for perfecting economic responsibility systems within the enterprises.

5. To carry out an all-round check on product quality. [passage omitted]

This check will take about 1 month. A provincial inspection group headed by Vice Governor Zhu Kui has now formed. It is about to leave for the prefectures and cities throughout the province.

BCC COMMENTARY VIEWS USSR OVERTURES TO PRC

OW112211 Taipei CNA in English 1436 GMT 11 Aug 86

[Text] Taipei, Aug 11 (CNA) -- The following is a commentary by the Broadcasting Corporation of China (BCC) in Taipei entitled "Gorbachev's Olive Branch."

After initial silence, Peking has made a positive response to Soviet party boss Mikhail Gorbachev's recent proposal for troop reductions along the Sino-Soviet border.

Although Red China has not made any official statement on the proposal, all signs indicate that Peking is taking Gorbachev's speech in Vladivostok quite seriously.

Soviet Deputy Foreign Minister Mikhail Kapitsa said at a press conference last week that a "positive assessment" by Peking has been conveyed to Moscow through unofficial channels.

Kapitsa's claim was well founded. A spokesman for Peking's Ministry of Foreign Affairs Yu Chih-chung, said Gorbachev's speech was "under study" and admitted that the Soviet leader "made some new remarks on improvement of Sino-Soviet relations that have not been made before."

Gorbachev called for negotiations to cut troop strengths along the 7200-kilometer common border and hinted that Moscow might withdraw a substantial portion of the 50,000 to 60,000 troops along communist China's border with Outer Mongolia.

Gorbachev even remarked that he did not want the Amur River dispute to become a "water obstacle" to better relations with Peking, and that an inter-governmental agreement was being worked out on a mid-channel border.

This is also a major Soviet concession. Moscow had previously insisted that the border should be on the Chinese side of the Amur River, leaving the entire water course in Soviet hands, including the Chenpao Island, scene of a bloody clash over a decade ago.

Both Teng Hsiao-ping and Hu Yao-pang gave guarded praise to Gorbachev's remarks in separate meeting with a ranking Japanese politician, indicating that Peking is showing more than passing interest in his proposal.

Things will not stop here. The foreign ministers of the two communist neighbors will meet in New York at the United Nations next month. They are certain to discuss the matter. It would not be a surprise of Peking make an official response even before then.

Both sides have the motives to mend fences, after all, they are ideological allies, not to mention the fact both have the United States in mind in seeking better ties.

Substantial progress has already been made in this respect since Peking and Moscow started normalization talks in 1982 after the late Soviet leader Brezhnev broke ice in a speech in Siberia. Besides growing cultural and economic ties, they have been started addressing each other as "comrades."

What stands in the way of a political rapprochement is what Peking calls "three obstacles," -- Soviet troop deployment on the Sino-Soviet border, Moscow's occupation of Afghanistan and Soviet support for Vietnamese occupation of Cambodia.

The solution of the first obstacle will be quite a big step in the direction of a full patchup between the two communist regimes. It would also enable both sides to reduce their conventional forces so that they could devote more of their resources to economic build-up.

The interesting question now is how the United States will respond to the development. In all probability, Washington's "China card" concept will be put to its severest test.

TAIWAN ECONOMICS OFFICIAL REMARKS ON TRADE TALKS WITH U.S.

OW091736 Taipei CNA in English 1456 GMT 9 Aug 86

[Text] Taipei, Aug. 9 (CNA) -- The results of the ROC [Republic of China]-USA trade consultative talks which ended in Washington Friday not only are in line with the ROC Government's policy of economic liberalization and internationalization but will also enhance the trade relations between the two nations, a ranking Economic Ministry offical said in Taipei Saturday.

Vice Economic Minister Li Mo said that judging from the tense atmosphere in the talks, calls for protectionism in the U.S. will became stronger in the future with the continued increase of U.S. trade deficits. Li urged the domestic manufacturers not to regard the diversification of market as a slogan, saying that if they still do not try to enhance the competiveness of their products and adjust their structure, they will not be able to survive the impact brought by other protective measures in the U.S.

Although the U.S. has agreed to allow some products from this nation to continue to enjoy the benefits of the generalized system of preferences [GSP], these products will have to graduate from the GSP sooner or later, he said. And therefore, domestic manufacturers should not be too excited about it and should again begin to make preparations to cope with a new situation, Li said.

Li admited that tariff cuts and abolition of the duty paying tables and the export performancee requirements will have certain impact on the nation's industrial development in the beginning, but added that they are necessary steps in promoting the nation's long-term economic development.

DUTY LIST ABOLITION AVERTS U.S. RETALIATION

OW090307 Taipei CNA in English 0244 GMT 9 Aug 86

[Text] Taipei, Aug. 8 (CNA) -- Vice Minister of Finance Pai Pei-ying said Friday the U.S. delegates at the ROC [Republic of China]-U.S. trade talks have agreed not to retaliate against this nation's exports, as the ROC delegation has accepted the U.S. proposal that it abolish the duty paying list in October.

In the meeting, the ROC delegates explained to their American counterparts the reasons for and background of the duty paying list during this transitional period in the nation's economic development.

They also assured the Americans of the ROC Government's sincerity in respecting existing agreements between the two countries, Pai said, adding that the U.S. delegates have expressed understanding of the ROC position.

To boost the ROC's traditional friendship and cooperation with the United States, Pai said its authorities have accepted the U.S. proposal that it completely abandon the duty paying list beginning in October of this year. The step will also help the nation attain the twin goals of trade liberalization and internationalization, he noted. He said he hopes that with the abolition of the duty paying list, importers will honestly report the prices paid for their imports according to the newly revised customs duty regulation. Moreover, he said, domestic manufacturers should try to develop quality products and lower production costs to sharpen their competitiveness.

TA KUNG PAO HAILS CHANGE IN USSR FOREIGN POLICY

HK120344 Hong Kong TA KUNG PAO in Chinese 12 Aug 86 p 2

["Political Talk" Column by Shih Chun-yu: "The Succession of Soviet Diplomatic Offensives Attracts Attention"]

[Text] A Succession of "Peace Offensives" Against the United States

In the more than a year since Gorbachev took power in the Soviet Union, apart from laying stress on developing the Soviet economy, launching economic reforms, countering bureaucratism, and improving efficiency, he has displayed a rare initiative in foreign affairs that contrasts sharply with his predecessors. Experts all over the world who are concerned with Soviet problems have attached importance to this.

In U.S.-Soviet relations, Gorbachev has made efforts to reach a nuclear disarmament agreement with the United States and has called on the United States to halt the development of its star war scheme. The Soviet foreign minister will meet Shultz in Washington to discuss a U.S.-Soviet summit. By taking the initiative in halting nuclear tests and producing a succession of disarmament plans, the Soviet "peace offensives" against the United States have made it quite hard for Reagan to hold his own.

Foreign Minister To Visit Mexico for the First Time

Soviet Foreign Minister Shevardnaze will visit Canada after holding talks in the United States in mid-September. This will be the first visit to Canada by a Soviet Foreign Minister since Gromyko went there in 1969. Shevardnaze will then go on to visit Mexico, the first time a Soviet foreign minister has been there. Thus Soviet diplomatic activities will be expanded to South America.

In Asia, the matter that draws most attention is that Gorbachev is focusing his diplomacy on China and Japan.

Gorbachev To Visit Japan in January

According to the Japanese press, since Gorbachev took power, there have been indications that he will move rapidly to improve Soviet-Japanese relations from their worst level since WW II. The two sides have agreed that the end of next January will be a suitable time for a summit meeting. If Gorbachev's Japanese trip comes off, it will be the first visit to Japan by a CPSU general secretary.

The "hard knot" in Japanese-Soviet relations is the question of the four northern islands. The governments of the two countries have held talks many times since the war, but such talks always break down the moment the question of the four northern islands is raised. When Nakasone visited Moscow in March 1985 to attend the funeral of former General Secretary Chernenko, he talked with Gorbachev, and the two sides agreed that "relations between Japan and the Soviet Union must be improved."

It can be imagined that a Soviet-Japanese summit and the pre-summit contacts will touch on the question of the four northern islands. How can Gorbachev visit Japan if this problem remains an unsettled question between the two sides?

The ideal thing for the Soviet Union is to shelve the territorial issue and promote economic cooperation with Japan. At present the Soviet Union is angling for a loan of $10 billion from Japanese banks in a bid to solve its economic predicament. Japan will naturally take advantage of this Soviet need by doing some bargaining.

China and Mongolia Sign Consular Treaty

Regarding the Soviet Union's China problem, the recently signed consular treaty between China and Mongolia is in substance a sign of improvement in Sino-Soviet relations. During his stay in Beijing for medical treatment, Soviet First Deputy Premier Arkhipov is sometimes meeting with Chinese political leaders, and naturally there may be subtle contacts. This has attracted much attention from Western diplomats.

To take a general view, Gorbachev's world foreign policy is indeed changing as a result of the Soviet Union's international difficulties and the new international situation. Such a change is to be welcomed.

DAILY REPORT

CONTENTS

China

Vol 1 No 156 13 August 1986

Effective 18 August the "Hong Kong Media on China" section of the China Daily Report will be renamed "Hong Kong & Macao." It will contain items on Hong Kong and Macao from all sources. Hong Kong media will, henceforth, be treated like all other sources, i.e., items from Hong Kong media will be published in whatever section they concern.

Daily Report Managing Editor

PRC INTERNATIONAL AFFAIRS

GENERAL

Foreign Ministry Spokesman on Gorbachev Remarks A 1
Soviet, U.S. Experts End Moscow Talks 12 Aug A 1
RENMIN RIBAO on U.S. Grain Subsidies to USSR [9 Aug] A 2
USSR Launches Diplomatic Offensive in W. Europe [GUANGMING RIBAO 3 Aug] A 2
Talks With Foreign Petroleum Companies Begin 12 Aug A 4

SOVIET UNION

USSR's Kapitsa To Visit Beijing for Talks in Sep [KYODO] C 1
Gorbachev Meets SRV's Truong Chinh 12 Aug C 1
Kapitsa Comments on Troop Withdrawal, Cambodia C 2
Gorbachev, Mongolia's Batmonh Hold Talks C 3

NORTHEAST ASIA

Hu Yaobang Meets, Wang Zhen Fetes Japan's Sasakawa D 1
Japan's Fuwa Says USSR May Continue Moratorium D 1
XINHUA Describes Tokyo Anti-War Exhibition D 1
RENMIN RIBAO on DPRK Proposal for Renewed Talks [12 Aug] D 2

SOUTHEAST ASIA & PACIFIC

Hong Kong Banks Support Economic Construction E 1
CITIC Subsidiary Inaugurated in Australia E 1
Lange Regrets U.S.-Australian Communique E 1

SOUTH ASIA

RENMIN RIBAO on Conscription in Afghanistan [6 Aug] F 1
Sri Lanka To Build Chinese Medicine Center F 1

MIDDLE EAST & AFRICA

South Africa's Bishop Tutu Arrives in Beijing I 1
Chen Muhua Agrees To Expand Tazara, Leaves Tanzania I 1
Arrives in Zambia I 1

PRC NATIONAL AFFAIRS

Discussion of 'Leadership Stability' Discouraged [WENZHAI BAO 3 Aug] K 1
CHINA DAILY on Scope of Structural Reform [13 Aug] K 1
HONGQI Discusses Political Structural Reform [1 Aug] K 3
GUANGMING RIBAO on Government Functions Forum [28 Jul] K 4
Beijing Affirms Vital Role of United Front Work K 7
LIAOWANG Interviews Culture Minister Wang Meng [OVERSEAS EDITION 4 Aug] K 10
Cao Yu Play 'Champaign' Staged in Shanghai [CHINA DAILY 8 Aug] K 12
Sun Yat-sen Handwritten Works Published K 13
Leaders Attend Lecture on Law and Socialism K 13
Book Fair Held To Entice Foreign Publishers [CHINA DAILY 9 Aug] K 16
Deng Liqun Attends Academic Forum on Philosophy K 17
Experts Urge Information Technology Development K 18
Energy, Chemical Center Planned in Southwest K 19
RENMIN RIBAO Reports Increased Traffic Accidents [9 Aug] K 20
Deng Xiaoping Inscribes for Martyr's Statue K 20

PRC REGIONAL AFFAIRS

EAST REGION

Anhui Marks Anniversary of United Front Policy [ANHUI RIBAO 24 Jul] O 1
Prolonged Drought Affects Fujian's Crops O 1
Shandong Reports Construction of Power Projects [DAZHONG RIBAO 28 Jul] O 2

CENTRAL-SOUTH REGION

Guangxi Holds Advisory Commission Plenum P 1
Guangdong Concludes Plant Management Meeting P 1
Guangxi Meeting on Tobacco, Cigarette Production P 2
Guangdong Cracks Illegal Cigarette Trading Case P 3
Henan Radio Urges Improvements in Economic Work P 3

SOUTHWEST REGION

Bainqen Speaks at Sichuan Rally of Cadres Q 1
Xizang Tibetan Studies Seminar Concludes Q 1
    Wu Jinghua Attends Q 1
    Letter of Proposal Drafted Q 2
    Radio Commentary Q 3

NORTH REGION

Ni Zhifu Speech on Basic Industry Links [JINGJI GUANLI 5 Jun] R 1

NORTHERN REGION

Sun Weiben Inspects Heilongjiang Flood Situation S 1
PLA Commander Inspects Area S 1
Gao Di Attends Jilin Association Inauguration S 1
Gao Dezhan Addresses Jilin Industry Meeting S 2

NORTHERN REGION

Hou Zongbin Views Gansu Cadre System Problems T 1
Gansu Leader Urges Raising Grass, Livestock T 1
Shaanxi Leader Urges Correcting Past Wrongs T 2
Shaanxi Views Rural Ideological, Political Work T 3
Shaanxi Notice on Village-Level Rectification T 4

HONG KONG MEDIA ON CHINA

XINHUA Confirms Anti-Daya Bay Group's Meeting [HONGKONG STANDARD 12 Aug] W 1
Editorial Notes Importance of PRC-MPR Treaty [SOUTH CHINA MORNING POST 12 Aug] W 2
Beijing Newsmen Call for Relaxed Controls [TA KUNG PAO 7 Aug] W 3
Journal Cited on Reform of Political Structure [TA KUNG PAO 7 Aug] W 4
CPC Secretariat Holds Political Reform Meeting [SOUTH CHINA MORNING POST 13 Aug] W 5
CYL Magazine Urges Reform in Policy-Making [MING PAO 12 Aug] W 6
MING PAO on Central Party School's Discussions [MING PAO 12 Aug] W 8
Journal Cited on Limiting Administrative Power [WEN WEI PO 7, 8 Aug] W 9

FOREIGN MINISTRY SPOKESMAN ON GORBACHEV REMARKS

OW130800 Beijing XINHUA in English 0747 GMT 13 Aug 86

[Text] Beijing, August 13 (XINHUA) -- State Councillor and Foreign Minister Wu Xueqian met with Charge d'Affaires ad Interim V.P. Fedotov of the Soviet Embassy and conversed with him on Sino-Soviet relations here this morning.

A Foreign Ministry spokesman made this announcement at the weekly news briefing here this afternoon.

Minister Wu said that the Chinese side has taken notice of General Secretary Gorbachev's some remarks [as received] on improving Sino-Soviet relations made in Vladivostok (Haishenwai) July 28, 1986. The Chinese side attaches importance to it and expresses welcome, he added.

Wu stressed that what he stated about some questions is still far from the removal of the three major obstacles and evades, in particular, the question of withdrawing Vietnamese troops from Kampuchea, and the Chinese side is not satisifed with this.

The withdrawal of the Vietnamese troops from Kampuchea and the fair and reasonable settlement of the Kampuchean question are matters the Chinese side is most concerned about, he said. The Chinese side sincerely wishes to see an early normalization of Sino-Soviet relations and hopes that the Soviet side will earnestly consider the views of the Chinese side.

Charge d'Affaires Fedotov said he would report Minister Wu's remarks to the Government of the Soviet Union.

SOVIET, U.S. EXPERTS END MOSCOW TALKS 12 AUG

OW121838 Beijing XINHUA in English 1732 GMT 12 Aug 86

[Text] Moscow, August 12 (XINHUA) -- Soviet and U.S. arms control experts today ended two days of "serious" talks in preparation for a September meeting between Soviet Foreign Minister Eduard Shevardnadze and U.S. Secretary of State George Shultz.

The two sides have maintained a strict news blackout on the substance of the two-day discussions, which were held in a government villa outside the capital city. President Ronald Reagan's special adviser, Paul Nitze, who was heading a seven-member U.S. team at the talks, earlier described the discussions as "serious...that's all I can say." Soviet Foreign Ministry spokesman Gennadiy Gerasimov also told a press conference today that the talks were "business-like" and centered on space-based weapons such as the U.S. star wars program as well as a nuclear test ban.

Gerasimov said a Soviet delegation leaves for Washington today for consultations with the Americans on bilateral relations as well as regional issues including the situations in the Middle East, Africa, Southeast Asia and Afghanistan. He added that the two sides are also likely to discuss chemical weapons.

Asked if the Soviet Union will continue its year-old unilateral moratorium on nuclear tests, Gerasimov said the Soviet Union is considering the issue "very seriously and responsibly".

When the talks were announced in late July, the White House said they were to give impetus to the Geneva negotiations on nuclear and space weapons and to prepare the meeting between Shevardnadze and Shultz in Washington September 19 and 20. The two foreign ministers are expected in turn to discuss the prospects of a second Reagan-Gorbachev summit.

RENMIN RIBAO ON U.S. GRAIN SUBSIDIES TO USSR

HK111222 Beijing RENMIN RIBAO in Chinese 9 Aug 86 p 6

["International Jottings" by Sai Bei: "Confrontation and Dependence"]

[Text] The U.S. announcement on subsidizing grain sales to the Soviet Union has provoked strong reactions among grain exporters, including Argentina, Canada, and Australia.

The United States has all along been opposed to the practice by other countries of subsidizing grain sales to sharpen their competition on the world grain market, but it has now stepped into the shoes of others. The Soviet Union is an essential market for U.S. grain sales. After the Soviet invasion of Afghanistan in 1979, the United States declared an embargo on the Soviet Union and banned grain sales to that country. Taking advantage of the opportunity, Australia, Argentina, and other grain exporters traded in the Soviet market, thus seriously affecting the volume of U.S. grain exports. This stuck in the throat of the United States. The situation did not change even after the United States removed the embargo on the Soviet Union. In order to recapture the market, the Reagan administration could not but adopt the method to which it was opposed to deal with its competitors.

Whether the Soviet Union will purchase U.S. grain crops or not is still unknown. In any case, it seems that there will be a fierce war on the world grain market. What is interesting is that people can see from this matter that the two superpowers are also mutually necessary and are interdependent, even as they confront each other. This is probably why the Soviet Union and the United States fiercely contend for spheres of influence yet carry out dialogues between them, and why the relations between them are sometimes strained and sometimes relaxed.

USSR LAUNCHES DIPLOMATIC OFFENSIVE IN W. EUROPE

HK121335 Beijing GUANGMING RIBAO in Chinese 3 Aug 86 p 3

["International Commentary" column by Zheng Dexin: "New Soviet Diplomatic Offensive in Western Europe"]

[Text] The Soviet Union has unfolded frequent diplomatic activities with West European countries. In early July, France's President Mitterrand visited the USSR; then, Soviet Foreign Minister Shevardnadze visited the United Kingdom; and not long ago, FRG Foreign Minister Genscher visited Moscow. In less than a month, the Soviet Union talked with the heads of state or foreign ministers of three major West European countries, and stressed such major international issues as disarmament and arms control. The foreign press believes that the Soviet Union has started from the overall situation of East-West relations, and launched another important diplomatic offensive in Western Europe on the eve of a new round of talks on disarmament with the United States.

This new Soviet attitude regarding Western Europe is part of its "smiling diplomacy." Gorbachev recently pointed out that under the condition that both the United States and the Soviet Union have enough nuclear deterrent power, there is more political and economic competition between the two different systems. The Soviet Union needs a more favorable international environment in order to realize the "strategy of stepping up development" formulated at the 27th CPSU National Congress, to invigorate the economy, to reinforce its national strength, and to carry out long-term competition with the United States. To this end, the Soviet Union is adjusting its policy toward the United States and actively seeking improvement in Soviet-U.S. relations and East-West relations as a whole, under the premise of contending with the United States for dominance. On the arms issue, the Soviet Union wants to compete with the United States, while doing its best not to be affected by the latter; and it is doing everything possible to delay the U.S. strategic development of the "star wars" project, in order to avoid an expensive arms race in space. For some time, the Soviet Union has adopted a posture of tolerance, and shown a certain degree of self-control; at the same time, it has repeatedly proposed disarmament, in order to win the sympathy and support of world opinion. When strengthening its diplomacy with Western Europe and the United States, the Soviet Union chiefly wants to seek common ground with West European countries on disarmament and East-West relations. Despite Gorbachev's statement that the Soviet Union has no intention of coming between the United States and Western Europe, the Soviet Union is attempting to win the support of West European countries for its new disarmament proposals, to exert influence on the United States through these countries, and to urge the United States to make compromises in the disarmament talks to pave the way for the second U.S.-Soviet summit meeting: The intentions of the Soviet Union are obvious.

The West European countries have their own considerations on such issues as disarmament, in order to safeguard their own interests and security. Such major West European countries as the United Kingdom, France, and the FRG believe that when East and West have largely realized their "strategic balance," the focus will be on relaxing the tense relations with the Soviet Union, and strengthening talks. Of late, West European public opinion still regards the Soviet Union as its opponent. However, it is not considered "a realistic threat" that the Soviet Union will launch a military attack; therefore, it is proposed that "West European security should be ensured through arms control rather than arms expansion." Personalities in political circles also believe that the recent Soviet disarmament proposals are "not only flexible in attitude, but have also made some substantial concessions," when asking the United States to study these proposals earnestly, and to seize the favorable opportunity to reach certain compromises with the Soviet Union. But looking at the situation as a whole, we find France, the United Kingdom, and the FRG are rather careful in expressing their stands. They have attached attention to harmonizing their stands with that of the United States, and to the internal negotiations within the alliance. President Mitterrand has reaffirmed that France's nuclear power is independent, and that no talks on it are tolerable. During Genscher's recent visit to the Soviet Union, the two parties did not resolve their dispute on security policy, and no new breakthrough has been made on the issue of pushing forward East-West relations.

Developing bilateral economic and trade relations was one of the themes in the diplomatic meetings of the Soviet Union with the above-mentioned West European countries. In order to step up the pace in realizing its development strategy, the Soviet Union has greater need of West European technology and funds than in the past. Western Europe is making use of this opportunity to get some substantial benefits.

West European exports to the Soviet Union and Eastern Europe now account for 7 percent of total export volume, and the FRG is the biggest trade partner of the Soviet Union. The trade volume between the two countries was 7.085 billion rubles in 1985 and both parties wish to further expand their trade. During the visit of the Soviet foreign minister to the United Kingdom, the two parties concerned signed the "1986-1990 British-Soviet cooperative plan for economy and industry" and two other accords. During Gensher's visit to the Soviet Union, an accord was signed between the FRG and the Soviet Union on cooperation in science and technology. this accord will promote cooperation in agriculture, medical science, and the use of atomic energy, in particular, the safety of nuclear reactors. The signing of the accord is regarded as a symbol of progress in the relations between the FRG and the Soviet Union.

TALKS WITH FOREIGN PETROLEUM COMPANIES BEGIN 12 AUG

OW121506 Beijing XINHUA in English 1457 GMT 12 Aug 86

[Text] Guangzhou, August 12 (XINHUA) -- Experts and representatives from a dozen foreign petroleum companies opened talks here today with Chinese officials and experts on Chinese petroleum taxation.

At the opening ceremony, Chen Jingxin, director of the Offshore Oil Tax Bureau under the Ministry of Finance said that there have been great achievements in Sino-foreign cooperation in recovering petroleum since 1979, and 31 agreements had been signed by the end of June this year.

The chairman of the overseas delegation, J.E. Short, said his side would submit ideas on tax checking, accounting and collection, and management of profits and losses. Also to be introduced, he said, would be petroleum taxation methods currently in force in Britain, Australia, Spain and the United States.

The meeting is sponsored by the Tax Bureau under the Chinese Ministry of Finance and Price Waterhouse of the U.S. for Chevron Overseas Petroleum Limited.

USSR'S KAPITSA TO VISIT BEIJING FOR TALKS IN SEP

OW131247 Tokyo KYODO in English 1240 GMT 13 Aug 86

[Excerpts] Beijing, Aug. 13 KYODO -- Mikhail Kapitsa, Soviet deputy foreign minister, will visit Beijing in September for talks with Chinese leaders on ways to improve Sino-Soviet relations, East bloc diplomatic sources here said Wednesday.

The trip follows a rapprochment proposal by Soviet leader Mikhail Gorbachev in a speech July 28 in Vladivostok.

The sources said Kapitsa will visit Beijing as head of a Soviet Foreign Ministry delegation and hold talks with Foreign Minister Wu Xueqian and Vice Foreign Minister Qian Qichen. Their discussions will also range over the Kampuchean problem, the sources said.

To follow up Gorbachev's peace overture, Soviet First Deputy Premier Ivan Arkhipov recently made a private visit to Beijing, ostensibly for acupuncture treatment, in which he held talks with Chinese leaders on improvement of bilateral relations. Another first deputy premier, Nikolay Talyzin, also is scheduled to visit China in September for talks with Premier Zhao Ziyang and other leaders.

Kapitsa's trip will precede the ninth session of the Sino-Soviet vice foreign ministers' consultations scheduled to be held in Beijing in October -- an indication of Moscow's eagerness to improve its relations with China.

The sources pointed to a possibility that Kapitsa might advance an additional proposal for rapprochement between the two communist giants. Kapitsa told a news conference in Moscow August 6 that Moscow is ready to compromise with Beijing on a territorial dispute between the two countries.

Meanwhile, Chinese Foreign Minister Wu invited Soviet Charge d'Affaires V.P. Fedotov to see him Wednesday morning and conveyed China's official views on Gorbachev's Vladivostok speech.

"The Chinese side has taken notice of General Secretary Gorbachev's some remarks on improving Sino-Soviet relations," a Chinese Foreign Ministry spokesman quoted Wu as telling the Soviet diplomat. [passage omitted]

The Foreign Ministry spokesman, however, did not disclose what Wu told the Soviet diplomat about Gorbachev's proposals for Soviet troop pullout from Mongolia and Afghanistan and on Sino-Soviet space scientific cooperation. But watchers believe the Chinese side might welcome these points in Gorbachev's speech.

GORBACHEV MEETS SRV'S TRUONG CHINH 12 AUG

OW121801 Beijing XINHUA in English 1747 GMT 12 Aug 86

[Text] Moscow, August 12 (XINHUA) -- Soviet leader Mikhail Gorbachev met today in Moscow with his Vietnamese counterpart, Truong Chinh, who took over as leader of the Vietnamese Communist Party July 14 following the death of Le Duan.

The two leaders exchanged views views on "various aspects of the present-day international situation... and prospects for the further development of Soviet-Vietnamese relations," the official Soviet news agency TASS reported.

The 79-year-old Truong Chinh, general secretary of the Central Committee of the Communist Party of Vietnam and chairman of Vietnam's State Council, arrived in the Soviet Union July 26 "on vacation" at the invitation of the Central Committee of Soviet Communist Party.

TASS said he and Gorbachev discussed the situation in the Asian-Pacific region, and felt that the militarization and the threat of war in that part of the world are growing at a dangerous speed. The Soviet Union and Vietnam are opposed to this course of events, they said.

Gorbachev reaffirmed that the Soviet Union will continue to support Vietnam in solving the problems confronting that country.

For his part, Truong Chinh voiced "unreserved backing for the new Soviet initiative" for Asia put forward by Gorbachev in his speech in Vladivostok at the end of July.

Both men said that the Soviet Union and Vietnam reaffirm their willingness to normalize relations with China. Such a normalisation will be of major significance to improving the situation in the Asian-Pacific region and consolidating universal peace.

Gorbachev also accepted an invitation from Truong Chinh to visit Vietnam.

KAPITSA COMMENTS ON TROOP WITHDRAWAL, CAMBODIA

OW130129 Beijing in Russian to the USSR 1800 GMT 7 Aug 86

[Text] Mikhail Kapitsa, USSR deputy minister of foreign affairs stated at a Moscow press conference on August 6: The Soviet Union is prepared to discuss, with the PRC, the issue of a proportionate reduction in the level of Soviet and Chinese troops along the border. Kapitsa said that the Soviet Union will withdraw a considerable portion of its troops from Mongolia.

Concerning the issue of the Chinese-Soviet border, he noted that the present position of the Soviet Union officially is that the border could run along the main channel.

However, he declared, the events that are taking place in Cambodia are of an irreversible nature. He also emphasized that Vietnam's position is that talks on national reconciliation in Cambodia are conditional upon the total exclusion of the democratic Cambodian side.

Regarding Soviet-Japanese ties, he noted that relations between the two countries have improved considerably during the last few years. The question of an exchange of visits at the highest level is under consideration at present, and the Soviet side is making preparations for Gorbachev's visit to Japan. In his opinion the existence of disagreements on certain issues, including the territorial issue, must not prevent contacts between the two states and the development of relations between them.

He also condemned the United States for overt pretensions to Pacific Ocean states.

Concerning the issue of extending the effectiveness of the unilateral moratorium on all nuclear tests, Kapitsa said:

This issue will be decided considering appeals to the Soviet Government by a number of countries that raise the issue of extending the effectiveness of the moratorium, as well as how seriously the United States is prepared to discuss the issue of stopping the tests. A decision on this matter will be announced in a few days time.

GORBACHEV, MONGOLIA'S BATMONH HOLD TALKS

OW130016 Beijing XINHUA in English 0003 GMT 13 Aug 86

[Text] Moscow, August 12 (XINHUA) -- Soviet leader Mikhail Gorbachev met here today with Jambyn Batmonh, general secretary of the Mongolian People's Revolutionary Party, who is on holiday in the Soviet Union, according to the official news agency TASS.

During the meeting, the two leaders discussed the international situation and "were concerned about international tension created by the United States," TASS said.

Both sides agreed that given the situation, it is important to strengthen the solidarity of socialist countries.

TASS did not report whether the two leaders touched on the withdrawal of Soviet troops from Mongolia.

Gorbachev and Batmonh said, however, they recognize that what occurs in the Asian-Pacific region largely determines the world's fate, TASS said.

Both leaders agreed there remains great untapped potential in the area of economic cooperation between their neighboring countries and they want to improve bilateral ties.

HU YAOBANG MEETS, WANG ZHEN FETES JAPAN'S SASAKAWA

OW121212 Beijing XINHUA in English 1203 GMT 12 Aug 86

[Text] Beidaihe, August 12 (XINHUA) -- Hu Yaobang, general secretary of the Central Committee of the Chinese Communist Party, met with Ryoichi Sasakawa, chairman of the Japan Shipbuilding Industry Foundation, and his party this afternoon at Beidaihe, a north China seaside summer resort.

Hu praised 87-year-old Sasakawa for doing a great job of working for long-term friendship between China anc Japan. He said the friendly cooperation between the two countries' mass organizations is very conducive to the friendship between the two countries in this and the next two centuries.

Sasakawa said that what he has done is for world peace. "I like to work closely with the Chinese people for peace," he said. "By uniting our efforts with those of China, we can achieve genuine world peace." Governments and peoples, he went on, should work for the cause of peace. "As the leader of quite a few Japanese organizations, I'm willing to work for the cooperation between mass organizations of our two countries," Sasakawa added.

Hu spoke highly of Sasakawa's work for charities in many parts of the world.

This evening, Wang Zhen, honorary president of the China Association for International Friendly Contacts, gave a dinner in honor of Sasakawa and his party, who arrived in Beijing yesterday as guests of Wang Zhen and flew in here this morning by special plane.

JAPAN'S FUWA SAYS USSR MAY CONTINUE MORATORIUM

OW130101 Beijing XINHUA in English 0051 GMT 13 Aug 86

["Soviets May Continue Suspension of Nuclear Tests, Says Japanese Communist Party Leader" -- XINHUA headline]

[Text] Moscow, August 12 (XINHUA) -- The Soviet Union may continue its suspension of nuclear tests, Japanese Communist Party chief Tetsuzo Fuwa told Japanese reporters today after meeting with Soviet leader Mikhail Gorbachev.

According to Japanese sources here, Fuwa told Gorbachev that the Japanese Communist Party wanted the Soviet Union to return the four Japanese islands, which the Soviets have occupied since the end of World War II, and to withdraw its troops from Afghanistan. But Fuwa said the two leaders didn't discuss the issues, implying that differences between the two communist parties remain.

Fuwa and his delegation, which arrived in Moscow on August 4, will leave Moscow for home tonight.

XINHUA DESCRIBES TOKYO ANTI-WAR EXHIBITION

OW121842 Beijing XINHUA in English 1508 GMT 12 Aug 86

[Text] Tokyo, August 12 (XINHUA) -- An anti-war exhibition opened today in Yamate Church, Tokyo, aimed in part at educating Japanese youths about the aggressive war Japanese militarists launched in the past.

The exhibition details the crimes of the war waged by Japan against China and other countries, as well as the dangers of modern nuclear war through the use of photos, reminiscences, objects and video films, said Shiozo Tominaga, an organizer of the show. He said it will show Japanese youths what an aggressive war is and why they should rise against war and the use of nuclear weapons.

The exhibition is being sponsored by 25 people including honorary professor of Tokyo Education University Saburo Yienaga, film actress Nobuko Otowa and writer Seiichi Morimura. The sponsors are suported by more than 100 communities and over 200 individuals.

The exhibition will last for five days before moving on to Kyoto.

RENMIN RIBAO ON DPRK PROPOSAL FOR RENEWED TALKS

HK121132 Beijing RENMIN RIBAO in Chinese 12 Aug 86 p 6

["Special dispatch" by reporter Xu Baokang: "The Spokesmen for the Three North Korean Delegations Jointly Issue a Declaration Calling on the United States and South Korea To Show Sincerity in Resuming Talks Between the North and South Sides of Korea"]

[Text] Pyongyang, 11 Aug -- The spokesmen for the three North Korean delegations to the talks between the north and south sides of Korea jointly issued a declaration calling on U.S. and South Korean authorities to show sincerity and to resume at an early date the talks between the north and south sides of Korea which have been suspended for 8 months. The declaration also proposed three steps to enable the dialogue to be conducted normally.

The declaration said that, as those responsible for the suspension of the dialogue between the north and south sides of Korea, the U.S. and South Korean authorities should create an atmosphere for the resumption of dialogue at an early date and for normalizing such dialogue. Towrard this end, North Korea holds that the U.S. and South Korean authorities should take the following steps: First, they should immediately accept the new peace plan put forward by the supreme command of the Korean People's Army and create an atmosphere enabling an early resumption of the Red Cross, economic, and preparatory parliamentary talks.

Second, they should stop "war provocations" and "anti-communist confrontation" which run counter to the dialogue, democratic reconciliation, and unity.

Third, they should stop acts of groundlessly linking the just struggle of South Korean students and people with North Korea and suppressing them.

HONG KONG BANKS SUPPORT ECONOMIC CONSTRUCTION

OW120730 Beijing XINHUA in English 0625 GMT 12 Aug 86

[Text] Qinhuangdao, August 12 (XINHUA) -- Bank of China group in Hong Kong provided 10 billion Hong Kong dollars to mainland economic construction in the past two years, an official from the Bank of China said here today.

Liu Chaoye, one of the bank's coordinators of Hong Kong and Macao operation, told XINHUA that the volume of business done during the period by the 14 banks from the group increased by 128 percent than the total in the preceeding six years, and the inter-bank call money involved 337 percent.

"One of the encouraging features is that their loans have been geared to joint ventures and co-managed enterprises and directly to the mainland enterprises," Liu added.

He noted that 45.9 percent of their money was steered to joint ventures or co-managed enterprises and 28.5 percent as direct loans to mainland enterprises in the past two years, while that for the processing of materials imported, the assembly of foreign components and compensate trade went down to 8.8 percent from 70 percent before 1984.

Bank of China group will begin to favor manufacturers of products for export, Liu said. And they will also be interested in supporting energy, transportation and resources development projects on the mainland if there is a safe credit guarantee.

CITIC SUBSIDIARY INAUGURATED IN AUSTRALIA

OW121410 Beijing XINHUA in English 1342 GMT 12 Aug 86

[Excerpts] Melbourne, August 12 (XINHUA) -- A subsidiary company of China International Trust and Investment Corporation (CITIC) started its operation here today. Located in downtown Melbourne, state capital of the Australian southeastern state of Victoria, the corporation's subsidiary company is called CITIC Australia Pty. Ltd.

The corporation's vice chairman Tang Ke gave a grand reception here last night to mark the opening of the subsidiary company. At the reception, Tang Ke announced the completion of China's acquisition of the 10 percent interest in the portland aluminium smelter project. [passage omitted] China signed the purchase agreement to take the 10 percent equity in February this year. The equity is valued at approximately 100 million Australian dollars (about 70 million U.S. dollars), which was raised through tax effective management structure headed by the bank trustee with twelve international banks. Situated in the Victorian State, the Portland smelter will have an annual production of 300,000 tonnes of aluminum ingots by 1988. The project so far represents China's biggest overseas investment. [passage omitted]

LANGE REGRETS U.S.-AUSTRALIAN COMMUNIQUE

OW121208 Beijing XINHUA in English 1148 GMT 12 Aug 86

[Text] Wellington, August 12 (XINHUA) -- "We regret that the United States has felt the need to announce the suspension of its security obligations to New Zealand under the ANZUS treaty", said New Zealand Prime Minister David Lange in a statement this afternoon.

Commenting on a communique issued Monday at the end of the Australian-U.S. ministerial meeting in San Francisco, Lange said the announcement is not unexpected. "It formalizes a situation that has existed for the past two years, as the communique acknowledges."

Australia, New Zealand and the United States are members of the tripartite ANZUS mutual security pact. Representatives of the three countries have met annually for 35 years. New Zealand was excluded from the talks in San Francisco because of the row between the U.S. and New Zealand on the latter's ban on port access of U.S. nuclear-armed and nuclear-powered warships.

New Zealand's decision to refuse docking privileges to U.S. nuclear-armed ships prompted the U.S. to withdraw from its defense obligations to New Zealand.

Lange said "U.S. Secretary of State Shultz indicated pretty clearly after his meeting with me in Manila in June that the United States would be taking this step. The government worked very hard to try to find a way through our difference with the United States in accordance with both our non-nuclear policy and their 'neither confirm nor deny policy'." However, Lange expressed regret for the fact that the United States' position remains intact that the restoration of a fully operative ANZUS requires New Zealand to accept visits by U.S. nuclear-armed ships from time to time.

Lange stressed that his government is determined to honor its election pledge, and the wishes of the overwhelming majority of New Zealanders, to keep nuclear weaponry out of New Zealand, and the anti-nuclear legislation will proceed as planned.

Lange rejected the assertion in the communique that New Zealand's non-nuclear policies detracted from the ANZUS members' individual and collective capacity to resist armed attack. "So far as New Zealand is concerned," he said, "we remain ready and willing to contribute our full share to the ANZUS alliance, in conventional defense terms, as we have always done."

Lange did not agree with Shultz's allegation that receiving U.S. ship visits is New Zealand's main contribution under the ANZUS alliance. He said his country's main contribution in support of Western security interests is the substantial security and economic role it plays in the South Pacific. He expressed the hope that the Americans will one day come to recognize New Zealand's value.

Lange returned here today from Fiji after attending the 17th South Pacific Forum meeting.

RENMIN RIBAO ON CONSCRIPTION IN AFGHANISTAN

HK081420 Beijing RENMIN RIBAO in Chinese 6 Aug 86 p 6

["International Jottings" by Tong Chang: "Wasted Efforts"]

[Text] The Afghan authorities are said to be intensifying conscription activities again. In May of this year when Najibollah assumed power as the new leader of the Kabul regime, he proposed meet this figure, the authorities have forcibly drafted students, not even sparing 14 or 15-year-old young men. In spite of this, it is still difficult to meet the quota. Thus, the conscription mania which has been carried out for a while and has caused enormous unrest has still to cool down.

The Soviet invasion of Afghanistan is now in its seventh year. Moscow's sending of a 100,000-strong army on an expedition in that mountainous country has left it with a bad name in the world. Hence, it has long been wanting to resort to a trick of "letting Afghan fight Afghan." Unfortunately, Kabul's puppet troops are simply too useless, as there has been a growing number of those who resent the war, desert the troops, and even take their arms to surrender to the guerrillas. Even though the Kabul authorities have continuously drafted soldiers all these years, the puppet army has declined from a previous high of 100,000 to not more than 30,000 at present. Needless to say, the army is extremely demoralized. This was reportedly one of the major reasons for Karmal's loss of his post.

Upon assuming power, Najibollah wanted to show off on this matter. However, reality is similarly cruel and severe. If Karmal failed despite tremendous efforts, how can one depend on a bunch of helpless young men forcibly drafted into the army to turn the tides in the puppet army's declining fortunes?

SRI LANKA TO BUILD CHINESE MEDICINE CENTER

OW121508 Beijing XINHUA in English 1500 GMT 12 Aug 86

[Text] Wuhan, August 12 (XINHUA) -- A center of traditional Chinese medicine, with functions of both treatment and education, will be built in Colombo in a cooperative venture between China and Sri Lanka.

The center, a joint venture between a foreign economic relations and trade company, a traditional Chinese medicine hospital in Huangshi City, Hubei Province, and the Department of Land and Land Development of Sri Lanka, will also run a clinic in Mahaweli City.

An agreement for the venture was signed by representatives of the cooperators on Monday in Huangshi.

SOUTH AFRICA'S BISHOP TUTU ARRIVES IN BEIJING

OW121346 Beijing XINHUA in English 1329 GMT 12 Aug 86

[Text] Beijing, August 12 (XINHUA) -- South African Bishop Desmond Tutu flew into Beijing this afternoon after touring Shanghai and Xian. He was greeted at the airport by Yin Jizeng, member of the Standing Committee of the Three-Self Patriotic Movement Committee of the Protestant churches of China. Yin said to Tutu, "We Christians in Beijing are so glad that you come to China. We have been waiting for your arrival with joy." Tutu replied: "I had a very good time in Shanghai and Xian. People in these two places gave us a warm reception."

The bishop and his wife came to Xian from Shanghai Sunday night. Tutu had a meeting today with Li Qingwei, governor of Shaanxi Province, at which he expressed thanks to the Chinese people's support to the just struggle of the South Africans. "In China we that everybody is working hard and is bold to express himself. Individual businesses are brisk. Things here are better than I imagined," he told the governor.

While in Xian, Tutu also visited the museum displaying hundreds of life-size teracotta horses and armored warriors excavated from sites near the tomb of Qin Shi Huang and a kindergarten.

CHEN MUHUA AGREES TO EXPAND TAZARA; LEAVES TANZANIA

OW130414 Beijing XINHUA in English 0112 GMT 13 Aug 86

[Text] Dar es Salaam, August 12 (XINHUA) -- Visiting Chinese State Councillor Chen Muhua and the leaders of Tanzania agreed to maintain and expand the services of the railway between Tanzania and Zambia (Tazara), which China helped build. Chen and her party left here this afternoon for Zambia to attend celebrations of the 10th anniversary of the Tazara.

During her four-day visit, Chen met with the deputy prime minister and minister of defense and national services on bilateral cooperation and improvement of the Tazara. She also met with President Ali Hassan Mwinyi and First Vice President and Prime Minister Joseph Warioba.

Linking Dar es Salaam, a port on the Indian Ocean, and Zambia's town of Kapiri Mposhi, the 1860-kilometer Tazara was built to break the blockade imposed by South Africa on landlocked Zambia and to channel material support to liberation movements in southern Africa.

Arrives in Zambia

OW130500 Beijing XINHUA in English 0133 GMT 13 Aug 86

[Text] Lusaka, August 12 (XINHUA) -- Chinese State Councillor Chen Muhua arrived here today on a five-day official visit to Zambia. During her stay, Chen will attend the 10th anniversary celebrations of the China-aided Tanzania-Zambia Railway (Tazara) at Kapiri Mposhi, the west terminal of Tazara.

A new protocol of technical cooperation on Tazara will be signed during the visit. She will also call on Zambian President Kenneth Kaunda and hold talks with A.K. Shapi, secretary of state for defense and security.

Chen arrived here after a four-day visit to Tanzania.

DISCUSSION OF 'LEADERSHIP STABILITY' DISCOURAGED

HK130057 Beijing WENZHAI BAO in Chinese No 335, 3 Aug 86

[Article by Zhu Changyuan in 24 July issue of 'ZUZHI RENSHI XINXI BAO'[ORGANIZATION AND PERSONNEL INFORMATION JOURNAL]: "It Is Inappropriate To Publicly Mention the Expression 'Stabilize the Leadership Group'"]

[Text] At present, there is an expression being publicly aired in organization and personnel work: It is necessary to "stabilize the leadership groups" during the Seventh 5-Year Plan. Such an expression is prone to produce a negative effect in society and in the leadership groups, mainly in the following respects:

1. The logical premise of this expression leads people to regard the progress in four transformations of the leadership groups since the structural reform as an "unstable" change. It gives people the impression that there was "instability" in the previous building of the leadership groups, and thus causes misunderstandings.

2. In its social role, this expression causes people to worry about frequent changes in policy.

3. The public opinion effect of this expression conceals the fact that factors of instability continue to exist in the leadership groups. The expression "stabilize the leadership groups" actually creates public opinion for evaluating the performance of the current leadership groups. It proclaims that the work of building the leadership groups has entered a stage of stability after being in a state of flux.

4. The role of this expresson as a public notice eases the sense of crisis of those incompetents in the leadership groups.

5. The misinformation tendency of this expression inhibits the eagerness of some talented people to work in party, government, and enterprise management.

CHINA DAILY ON SCOPE OF STRUCTURAL REFORM

HK130544 Beijing CHINA DAILY in English 13 Aug 86 p 4 ["Opinion" column by Huang Qing: "Leaders Air Views on Policymaking"]

[Text] When Professor Yang Jike, a provincial leader of Anhui, recently proposed that intellectuals form independent policy research institutions and consultative agencies, he was thinking of the Rand Corporation in the U.S. as the model.

And he certainly understood that the emergence of such policy research and consultative organizations would require an open, participatory political decisionmaking process.

This is, to be sure, one of the goals of the political reform that the nation's political leaders and social scientists are nowadays talking about, though the entire scope of the reform may prove far broader than merely to improve the decisionmaking procedures.

A younger Party leader, Wang Zhaoguo, listed five aspects of the political reform in a speech at the Central Party School in Beijing. To raise the quality of decisionmaking and efficiency of the government was said to be an indispensable part of the whole scheme.

The most significant and concrete opinion on how to reform political decisionmaking was put forward at a national symposium on what was called soft science, or scientific research in the fields closely related to leadership, planning, and coordination of society's all major efforts.

Vice Premier Wan Li said China had not yet established a rigorous system and procedure for making policy, nor had it adequate systems of back-up, consultancy, appraisal, supervision, and feedback.

Wan stressed the need for analyzing and coordinating social and economic development with the help of science to avoid blunders caused by the crude ideas of individual officials.

This was linked to the democratization of policymaking. This democracy means that experts from different fields and with varied experience participate in what is called scientific-political decisionmaking process.

The wider the scope of opinions considered, the more scientific a decision would be.

The vice premier urged officials to respect people's democratic right to express themselves, accepting different opinions and even objections. Legislation should provide a greater guarantee for the participation in policymaking process, bringing legal protection to people engaged in policy research, he said.

Thus the principle of "letting a hundred flowers bloom" and "letting a hundred schools of thought contend," which Mao Zedong brought up 30 years ago, has been applied to the political arena.

Only two months ago, when many gave their views on the 30th anniversary of the enunication of the principle, it was merely considered applicable to art, literature, and academic research which did not necessarily have political implications. People were asked to separate politics from academic activities.

But political scientists argued their academic pursuits could not be separated from politics, and also cried for protection for free debates in their fields.

Now, however, that "a hundred schools of thought contend" has been introduced to the debate over political decisions. [as published] This is a big step forward.

The Communist Party leadership's appeal to speak out has been warmly responded. At the soft science symposium, scientists also suggested that some consultancy and appraisal organs be set up to offer advice to the National People's Congress and the administration at different levels.

In Guangzhou, a soft science company established by some young scholars about a year ago has been offering good service to the local government.

In Beijing, a research committee has been set up to explore the feasibility of the Three Gorges Dam project on the Yangtze River. It called a conference to gather the advice of experts from all fields on whether to go ahead.

HONGQI DISCUSSES POLITICAL STRUCTURAL REFORM

HK130402 Beijing HONGQI in Chinese No 15, 1 Aug 86 p 2

["Forum": "It Is Necessary To Study How To Further Reform the Political Structure"]

[Text] The question of political structural reform was raised by the 3d Plenary Session of the 11th CPC Central Committee. Over the past few years, we have adopted a series of measures aimed at developing socialist democracy and strengthening the socialist legal system; we have reformed to some extent the system of leadership of the party and state and the system of cadres and personnel and have achieved some successes. It should be noted, however, that reforms in this field have only just started and are far from meeting the requirements of development. Carrying out further reforms in political structure is absolutely essential for speeding up reforms in the entire economic structure with the focus on cities.

Economy is the foundation while politics is the concentrated expression of the economy; the superstructure is determined by the economic base and in turn serves it. This is a basic Marxist viewpoint on the relationship between economy and politics. Political structural reforms and economic structural reforms depends on and dovetail with each other. Economic structural reforms cannot be successful unless political structural reforms are carried out. An important aspect of economic structural reform is to improve the state's methods of managing the national economy. It is therefore essentiasl to solve the problems of separating party and government responsibilities and of overconcentration of power. It is essential to delegate powers and expand enterprise decision-making powers in order to invigorate the economy, yet some places are still taking powers back from the lower levels by means of companies and other forms. This cannot but have an impact on the enterprises' initiative. There is no doubt at all that we must uphold party leadership. The problem lies in whether or not we are skilled at providing leadership. Party leadership will actually be weakened if the party intervenes too much and without success. For instance, many problems within the scope of the law and society should be handled by the state and the government and resolved by relying on the legal system and social education. If the party intervenes too much, and goes so far as to include within the scope of party style many problems concerning violations of law and discipline, this will not help in establishing the concept of legal system among the whole body of the people. All these are problems involving political structural reform. Only by really solving these problems can we ensure the smooth progress of economic structural reforms and can the socialist legal system be strengthened.

Naturally, the reform of the political structure is not limited to these problems; there are also the problems of unwieldly organs, overstaffing, bureaucratism, buck-passing, procrastination, and so on. For many years we have carried out the work of streamlining the administrative structure but the number of organs has not reduced but increased. With more organs and more staff, our spending has increased. This is a very big burden. Because we have more hands than needed, practices of engaging in idle or empty talk, "passing the buck," and so on have emerged. How can we improve efficiency in this regard? Many people lie idle or try to find something to do. Unwilling to relinquish their powers, they have in truth become an obstacle to the reform. [paragraph continues]

In solving these problems, we cannot just focus our attention on improving our ideological style; more important, we must eliminate the defects existing in the specific systems.

Ours is an overall reform. It includes not only the reform of the political structure but also reforms in other fields. It can be said that whether or not the reforms in other fields are successful will ultimately be determined by the reform of the political structure. It is necessary to adopt a positive and cautious approach to political structural reform, carry out detailed investigation and study, listen to a broad selection of views of experts and of the masses, seriously sum up historical and current experiences, act when our minds are made up, and avoid rash action. If we succeed in carrying out this work well, our modern socialist undertakings will receive more powerful driving force and forge ahead soundly and steadily.

GUANGMING RIBAO ON GOVERNMENT FUNCTIONS FORUM

HK120130 Beijing GUANGMING RIBAO in Chinese 28 Jul 86 p 3

[Article by Xu Zhaoming: "Roundup on a Theoretical Forum on the Functions of the Government" -- capitalized passages published in boldface]

[Text] The "Forum on the Functions of the Government" co-sponsored by six units -- the China Political Science Association, the Preparatory Group for the China Administration and Management Association, the Center for Political Science Studies of the Chinese Academy of Social Scienes, the Shanxi Provincial Political Sciences, and the Taiyuan City Research Institute of Social Sciences, was held in Taiyuan, Shanxi between 16 and 20 June of this year. The forum concentrated on research and exploration of the following issues.

I. ON THE CHANGE OF GOVERNMENT FUNCTIONS

All forum participants unanimously agreed that the present excessively centralized management system should be changed and the change of government functions is one of the vital factors in the structural reform.

1. The theoretical bases for the change of government functions. The forum held that there were three main points to mention: 1) To suit the needs of change from the product economy to a planned commodity economy, it is essential to give priority to indirect management over direct management. 2) To promote the democratization of the management of the state's political, economic, and other affairs, the government should appropriately delegate powers to lower levels. 3) To meet the needs of the modernization of government administration and management, it is necessary to change the monopoly method of management not commensurate with the principles of scientific management. Only when the government functions are changed can efficiency be raised and can what ought to be done be done well. In addition, with the rapid development of science and technology as well as the productive forces, numerous social and economic problems have cropped up. Therefore, the studies in such areas as environmental protection, structural unemployment, and in the development of space, marine resources, and frontiers of science have added new contents to the administrative functions of the government.

2. The objective of changing government functions. There are two theories in this regard. One theory holds that effects should be made to establish a new structure in line with the planned commodity economic management. The other holds that a modern administration and managerial system should be set up, a system consists of four specific objectives. They are 1) scientific management, what counts in this regard is to establish a scientific policy-making system; 2) democratic management, this mainly refers to the expansion of decision-making power of enterprises and that of the limits of authority of local governments; 3) institutionalized management, namely, establishing a complete system of administrative laws and rigorously enforcing them; and 4) modernized management, this is, achieving modernization in concepts, organization, intellectual composition of cadres, and methods and ways of management.

The forum made four suggestions on the principles that should be followed in effecting a change in government functions. Efforts should be made to improve the principle of party leadership, the principle of the government serving the enterprises, to perfect the principle of the socialist legal system, and to develop the principle of socialist democracy. Some comrades suggested that the principle of combining planned guidance and regulation by market mechanisms, the principle of separating government from enterprises functions, the principle of combining expansion of the decision-making power of enterprises with development of markets (for funds, technology, goods and materials, labor service, and information), and the principle of appropriately combining macroeconomic with microeconomic management be also implemented.

II ON THE FUNCTION OF THE GOVERNMENT TO MANAGE THE ECONOMY

Many comrades held: The function of managing the economy is the core of the functions of our country's government. Therefore, the change in economic function is the crucial question of a change in government functions. One view contends: The relationship between the government and the enterprises should be viewed from the basic viewpoint of ownership of the means of production. In this way there can be a rational foundation for the government to manage the enterprises. Enterprises are classified into the following categories in accordance with different industrial departments and different ownerships. Enterprises in the first category are those engaged in such departments as military industries, railroads, aviation, post and telecommunications, large-sized energy bases, important mines, and forestry. The means of production of these enterprises are owned by the state. Therefore, the government must put their production direction, output, and prices of their products under its management through mandatory planning. Enterprises in the second category are large-sized enterprises in metal-smelting, machine building, and heavy industries and their means of production are also owned by the state. Nevertheless, they are allowed to participate in competition in the marketplace. The government manages them using both guidance and mandatory planning, with the stress on the former and using both direct and indirect control, with the emphasis on the latter. Enterprises in the third category are light and textile industrial enterprises which turn out consumer goods for daily use. Parlty of their means of production can be sold in the form of shares. They are allowed to raise funds needed for expanding reproduction from society by issuing shares. The state controls the actions of the enterprises in this category by buying the largest part of their shares. The government only assigns guidance planning to these enterprises and allows them to freely participate in competition in the marketplace. Enterprises in the fourth category are enterprises under the collective ownership system. Apart from controlling their actions through the plan for the national economy and other economic levers, the government will no longer directly interfere in their administration. [paragraph continues]

The government can also become shareholders of collective enterprises. Enterprises in the fifth category are associated enterprises operated under the system of ownership by the whole people, by the collectives, and by the individuals. The three parties own the means of production of such enterprises in proportion according to the amounts of shares they hold. As a shareholder, the government exerts its influence on the decision-making of such enterprises on their production and operations, leaving the other matters for the enterprises to decide themselves.

The other view holds: Judging the function of the government to manage the economy in macroeconomic and microeconomic terms, the formulation of "putting the macroeconomy under sound control and achieving microeconomic invigoration" should be further perfected. After the microeconomic is stimulated, while pursuing individual interests, enterprises and other economic entities may infringe upon the interests of others and of the community. Therefore, the government must enact a whole set of laws governing the microeconomic activities so as to ensure that there is both flexibility and order in the microeconomic sphere. By managing the microeconomy by legal means, we mean that instead of defining restrictive conditions for the actions of enterprises, no additional provisions will be imposed on their production and operations. "If you do not break the law, the government will not interfere." Therefore, this method of management is of the "passive management" type.

In the macroeconomic sphere, proceeding from the interests of the whole society, the government makes policy decisions on such major issues as the rates and direction of the national economic development and uses economic levers to achieve the projected objectives. Therefore, this method of management is of a character of positive management. Only when the two are combined can a perfect mechanism by which the government manages the economy be formed. At present, our country should tighten control over the work of economic legislation and the enforcement of economic laws.

III. ON EXTERNAL CONDITIONS RESTRICTING THE CHANGE OF GOVERNMENT FUNCTIONS.

The change of government functions is the meeting point of the political and economic structural reforms. Restricted by numerous factors, it is bound to cause changes in other fields of endeavor. As forum participants saw i , the factors restricting the change of government functions are as follows: First, the economic function is an important function of the government. The change of the government's function of managing the economy is the task of the economic structural reform. The change and reform constitute an integral whole. The former can stimulate the latter but at the same time, it is also restricted by the latter. We cannot surpass the latter in terms of rate of progress. Second, as far as China's political structure is concerned, the main factor affecting the change of government functions is the failure to make a distinction between the functions of the government and enterprises and between the functions of the party and government. Although a system under which a director or manager assumes full responsibility is practiced in the internal departments of an enterprise, in reality the division of work between the director, the party committee, and the trade union (the staff and workers conference) is not clear and their duties are not clearly defined. In addition, at present there is still the question of "enterprises running the community." All these have an influence on the change of government functions. Third, some concepts left over by China's longstanding feudal society or formed since the founding of the PRC under the influence of "leftist" ideology and the traditional structure also have a negative influence on the change of government functions. [paragraph continues]

For example, in China, people habitually regard the government as an "all-powerful" organization and refuse to admit that its authority is confined to certain limits. The enterprises are used to relying on the government in solving problems. They have a weak sense and capability of supporting themselves. For this reason, some comrades stressed that one of the important tasks of the political structural reform was to change the past erroneous traditional concepts. Fourth, the aim of changing government functions is to make the government more efficient so that it can undertake more arduous tasks. The present organizational structure and management methods of our government are not enough to meet this need. This requires us to work in many and diverse fields, such as reforming the structure of government and the personnel system and establishing and perfecting the legal system. If no rapid progress is made in this work, as a main operational body, the government will be in no position to effectively perform its functions in the abovementioned areas, even though some functional changes have been made. Fifth, many incumbent government functionaries and enterprises leaders are not well-qualified for their jobs in the new situation in which government functions have undergone changes. There is a serious dearth of qualified personnel in government departments that urgently need to be strengthened. Quite a few directors and managers are not highly capable of carrying out their operations independently. Therefore, we should vigorously raise the quality of on-the-job personnel and at the same time, actively select and train cadres with an enterprising spirit wh are up to the requirements of the "four transformations of cadres" so that the change of government functions and the reform of the structure of government and the personnel system can be carried out hand in hand. Sixth, efforts should be made to establish a more comprehensive system of administrative statutes and of economic statutes. Then we will have statutes covering the activities of the enterprises and government. In addition, judicial, law-enforcement, and supervisory organs capable of exercising their functions and powers independently should also be set up. Otherwise, the phenomenon in which there are laws but no one observes them and they are not strictly enforced will emerge.

BEIJING AFFIRMS VITAL ROLE OF UNITED FRONT WORK

OW121413 Beijing Domestic Service in Mandarin 2215 GMT 10 Aug 86

[Second half of part 1 of 14-part lecture series on the theory and practice of united front work for the new period, entitled: "The Whole Party Should Pay Attention to United Front Work and Make Vigorous Efforts To Create a New Situation on the United Patriotic Front," by Yan Mingfu, director of the CPC Central Committee's United Front Work Department]

[Excerpts] Listeners, in the last broadcast we dealt particularly with one question: Why is it imperative that the whole party tackle united front work in order to create a new situation on the patriotic united front? Today we will dwell on two questions: One, the tasks and requirements to be done and met by the whole party in tackling united front work; and two, the tackling of united front work by the whole party and the self-strengthening of United Front Work Departments.

Now, let us expound upon the first question -- the tasks and requirements to be done and met by the whole party in tackling united front work. [passage omitted]

In June 1979 Comrade Deng Xiaoping made an in-depth elaboration on the nature, tasks, and basic policy of the united front work for the new period in his opening address at the Second Session of the Fifth CPPCC National Committee.

In January 1982, Comrade Hu Yaobang, in his speech at the National United Front Work Conference, expounded systematically upon the basic question of the united front work for the new period. He stressed that united front work was still a task that could produce miraculous results and urged the whole party to pay attention to this work. These two important speeches are programmatic documents guiding the united front work for the new period.

In order for the whole party to tackle united front work, party organizations at all levels and our comrade party members should gain a full understanding of the vital role and far-reaching significance of the patriotic united front in the great cause of reunifying the motherland and rejuvenating China; resolutely act according to the party Central Committee's relevant theories, principles, and policies; integrate the fine tradition and work style of united front work with the work in every field; and unite with and give full play to all forces to strive for the fulfillment of the general tasks for the new period. The following specific tasks should be given particular attention at present:

1. In compliance with the requirements of the party Central Committee and the party Constitution, party committees at all levels should include united front work in their work agenda, discuss it seriously several times each year, and give it due attention when planning and summing up their overall work, so that it will truly become an integral part of their work from beginning to end. [passage omitted]

2. Principal responsible comrades of party committees at all levels should use the leading comrades at the central level as their models and play a leading role in doing united front work. They should make friends with a large number of people outside the party; always show concern about what these people think in their minds as well as their work and living conditions; conscientiously strive to discover and solve their problems; and implement in an exemplary manner the principle of long-term coexistence, mutual supervision, treating each other with all sincerity, and sharing weal and woe. [passage omitted]

3. Extensive and in-depth reeducation in the united front work theory and policy should be conducted throughout the whole party. Due to the long influence of the left-deviation mistakes within the party, certain left ideas and old work style -- remnants of the erroneous principle of taking class struggle as the key link -- are still shackling the minds of some comrades and impeding the development of united front work in some localities. In view of this, eliminating erroneous left ideas, upholding the new, and destroying the old remain the central tasks at present in developing united front work and conducting reeducation in this respect.

4. Great efforts should be made to strengthen the united front work overseas, at the grass-roots level, and among middle-aged and young people who are not party members. [passage omitted] In doing external work, it is necessary to uphold the united-front idea and take the initiative to develop friendly exchanges with our Taiwan, Hong Kong, and Macao compatriots as well as Overseas Chinese, publicize among them and explain to them the related policies of the party and state by seeking truth from facts, and find common ground while reserving differences on the basis of patriotism. Our united front work is extending to the grass-roots level, and the people falling within the scope of this work exist in various organizations, schools, enterprises, factories, mines, neighborhoods, small cities and towns, and vast rural areas. They are large in number and varied in profession.

Many are intellectuals specializing in certain fields, able craftsmen with the initiative to make innovations, and people with social connections abroad, such as family members of those presently residing on Taiwan, compatriots from Taiwan, returned Overseas Chinese, and dependents of Overseas Chinese. They are a major force that we should rely upon do develop science and technology, cultural projects, and the modernization programs in cities and rural areas. We should pay attention to, and make a success of, the united front work among them and give full play to their active role in building the two civilizations and in reunifying the motherland. [passage omitted]

Listeners, now let us look into the question of the tackling of united front work by the whole party and the self-strengthening of United Front Work Departments.

With the whole party tackling united front work, departments in charge of this work should further strengthen themselves and really act as able advisors and assistants to the party in fulfilling this work. By advisors and assistants in united front work, we mean that they should gain a clear understanding of the current situation, grasp the policy, harmonize the relations between various units, and make necessary personnel arrangements. [passage omitted]

Specifically, four tasks should be carried out at this time:

1. Conscientious efforts should be made to study basic Marxist theory. Marxism-Leninism-Mao Zedong Thought is the guide to the development of united front work. If a United Front Work Department does not understand and grasp basic Marxist theory, it will lose its bearings in performing the highly complicated practical work. [passage omitted]

2. It is necessary to heighten spirits and explore new ways to make advances. United Front Work Departments at all levels and the vast number of cadres doing this work should march in the van in rectifying our party style and in building socialist spiritual civilization. [passage omitted]

3. Every effort should be made to conduct investigations and studies. United Front Work Departments should use the services of all the research organizations and academic groups that they operate or have connections with as well as the vast number of united front work cadres and nonparty people to carry out intensive investigations and studies with regard to united front work and questions concerning nationalities and religions. [passage omitted]

4. Attention should be paid to improving work style and turning United Front Work Department into homes of nonparty people. [passage omitted]

Let us unite and work hard to open up a new situation of our united front work and the work toward socialist modernization and to fulfil the great task of reunifying the motherland and rejuvenating China.

LIAOWANG INTERVIEWS CULTURE MINISTER WANG MENG

HK071300 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 31, 4 Aug 86 pp 7, 8

[Article by LIAOWANG reporter: "Steadily Carry Out Policies, Solve Problems on the Basis of Seeking Truth From Facts"]

[Excerpts] Wang Meng was appointed Minister of Culture and took office in June this year. He is a writer who wrote his first novel, "Hail to Youth," reflecting the life of high school students, when he was only 19 years of age.

Not long ago, Minister Wang Meng agreed to an interview by more than 10 reporters, he aired his views on how to develop China's cultural undertaking and how to carry out cultural exchanges with foreign countries.

When asked how to deal with Mao Zedong thought on literature and art, Minister Wang Meng answered explicitly: First, we should adhere to it, and second we should develop it.

He says that Mao Zedong's thesis on the life of the people being the fountainhead for the creation of writers and artists should still be adhered to today. Writers and artists should go into the realities of people's life in order to draw nutrients for their creation and to struggle for progress and social history.

When asked how to maintain the free atmosphere for literary and artistic creation and a stable environment for literature and art circles, Wang Meng said that this issue is really of great concern for everybody. In order to make the creation of literature and art thrive and to develop China's cultural undertakings, it is necessary to maintain the stability of policies. Wang is against the practice of repeatedly explaining the policies whenever some deviation emerges, or stressing one side of a policy today, another tomorrow. Wang says: "Linking the steady implementation of policies with truth-seeking solutions to problems is the very responsibilty of people like us."

Wang Meng stresses that regarding specific work, it is best to refrain from making conclusions in the name of the government or party organizations. Leading members may participate in discussions on their own behalf. Works of literature and art involve a great deal, and the debate over some works may last several centuries. Concerning the differences in the creation and theory of literature and art facing them, the leading members of the Ministry of Culture should not act as the judge, but provide an environment and atmosphere so that all those involved may explore the questions with "fair play."

Speaking of "fair play," Wang Meng says: Wherever a political campaign was unfolded in the past, the usual practice was "relentlessly beating the dog in the water." We hope that "the hundred flowers in blossom" will be all the more thriving and "the contention of a hundred schools of thought" all the more civilized, so that the artists may be able to exert their efforts on work of a creative and constructive nature.

Wang Meng published in 1956 his excellent novelette "The Young Newcomer of the Organizational Department," criticizing the bureaucratic style of party work, which was wrongly repudiated. In 1958, Wang Meng was erroneously labeled a rightist. Between 1963 and 1979, Wang Meng was compelled to leave Beijing and settled down in Xinjiang. [paragraph continues]

For 7 years he engaged in productive labor in the agricultural and animal husbandry regions. [passage omitted]

Regarding the policy of opening up to the world in culture and its advantages and disadvantages, Wang Meng says: Only in an open environment will China's culture be better developed. All excellent cultural fruits of the world do not belong to one nation alone, but to the whole of mankind. A closed-door policy is unfavorable to economic development as holds for cultural development. In recent years we have pursued the policy of opening to the world, the people's cultural life has been enriched, and the cultural workers have broadened their vision. In literature and art, we have absorbed the most up-dated explorations and excellent results of all countries in the world. Therefore, on the whole, cultural exchange is a very good thing.

In the course of cultural exchanges, some things not suited to our needs and social development, or even negative, will come along. But only on the condition of opening up to the outside world will our people learn to select and differentiate among them. We should not worry too much about the bad effects in the course of opening up. China has its own powerful national culture and a bright pursuit of building modernized culture.

Wang Meng says: Opening up to the world will promote the development of Chinese culture. What has been unfavorable to our progress is deep-rooted feudal ideas as well as the negative effects brought about by small-scale peasant economy, such as self-sufficiency, staying in a rut, conservatism and backwardness, and self-complacency. Cultural exchanges will be further expanded form now on and quality should be improved. Everything should be the very best whether in import or export. The recent successful performance of the famous Italian singer Pavarotti in China has made me very happy. This will greatly affect China's music and art as well as the appreciative ability of the public. We hope that some culture and art of the world's highest standards will be introduced to China in order to promote China's cultural construction.

In answering to the reporters' question on the censorship system and method of artistic works, Wang Meng said: At present, China is not adopting the kind of bureaucratic style of intervening in the freedom of creation and substituting administrative orders for laws governing art in the examination of artistic works. Regarding literary works, official deliberation does not exist. The deliberation of editorial departments and publishing houses aims only to maintain a certain standard of literary works in order to ensure good quality works for the readers.

The authority to examine art performances for the general public is restricted to the directors of the performing units, who are generally specialists. They are in charge of the tasks for artistic production. Just as it is with the product quality check in the factories, artistic products should also meet certain artistic standards. Only some particular performances need be examined by the the government, for example the performances for foreign governments and heads of state. It is necessary to find out whether there are things that violate the customs and habits of the countries being entertained, or that could easily give rise to misunderstanding. The performances for important political activities, such as those in celebration of our National Day, also need to undergo examination.

The possession of a "performance certificate" before a show is put on the stage is also a kind of examination. However, there is nothing strange or unsuitable about these procedures. This concerns only the artistic quality of the show, not bureaucratic intervention, which has nothing to do with art.

Of course, we should not deny that advice and suggestions should be proposed on things in bad style or low taste in the course of examination; however, the method of persuasion and education will be adopted. [passage omitted]

When a reporter asked Wang Meng about his impressions of caricatures of him in the press, the latter gave a mild smile and said: "I have a good sense of humor to appreciate all kinds of caricatures concerning me. Moreover, caricaturists may exaggerate a bit. I am honored to be a topic for caricaturists."

Here is one of the caricatures about Wang Meng: He is sitting comfortably in a chair, enjoying himself with a mug of tea. His other hand is holding a writing brush, and he is writing on the manuscript with ease. This caricature portrays the peculiar spiritual features of the writer, whose abundance of writing, the ease and relaxation of his works, and his sense of humor are vivid on paper.

But how should we portray Wang Meng as culture minister?

CAO YU PLAY 'CHAMPAIGN' STAGED IN SHANGHAI

HK080706 Beijing CHINA DAILY in English 8 Aug 86 p 5

[By Ju Hui]

[Text] "Fifty years of blame and criticism almost buried 'Champaign'," says Zhang Qihong, director of the play. "It's time for us to wipe away the dust on 'Champaign' and let the treasure shine again." In late April, Cao Yu's play, "Champaign" was brought to Shanghai stage by the Beijing-based China Youth Theatre after a successful performance in Hong Kong.

Written in 1936, "Champaign" (an expanse of open plain) has always been a controversial play in China. The drama is about the struggles of the suffering peasants represented by Chou Hu, the hero, who was sentenced to eight years in jail but later escaped. The theme of the play, according to the author, was to call some people to fight against local tyrants, but the writer also included some vivid romantic scenes and bloody descriptions of revenge. It has been performed on and off in China for the past 50 years.

"Some censured it for its mysticism, terrorism, spirit of revenge and fatalism," director Zhang said.

Zhang's interpretation of the play focuses on Chou Hu and his lover and their pursuit of freedom, their true love and Chou's revenge.

The director turns a short description in Cao Yu's original script to a touching new scene in the play.

In the sunny countryside, Chou's childhood sweetheart Ji Zi bashfully hands him some embroidery she has done for him; in return, the man gently weaves flowers into his lover's hair. They stare into each other's eyes as they go down on their knees and hold their own wedding ceremony. Not a word is said on stage, but the scene has moved audiences to tears.

In Cao Yu's original, Chou goes on to kill another young man, Jiao Daxing, to gain revenge. Jiao's father has killed his father and raped his sister.

But in the new stage version, Chou spares Jiao Daxing because the director said he wanted to show Chou Hu's uprightness and generosity.

"Jiao Daxing was not guilty and above responsibility," the director says. "In all probability it would ruin Chou's image if he killed an innocent person." Thus, in the new version, Jiao Daxing is mistakenly killed by his fierce and malicious mother, who intended to murder Chou Hu.

"This big change does not betray the author's idea," argues Zhang, who says that he had had long talks with the aged Cao Yu and obtained the approval of the famed dramatist.

SUN YAT-SEN HANDWRITTEN WORKS PUBLISHED

OW301704 Beijing XINHUA in English 1437 GMT 30 Jul 86

[Text] Nanjing, July 30 (XINHUA) — A collection of Dr. Sun Yat-sen's original handwritten works has been published by the Hebei People's Publishing House in commemoration of the 120th birthday of the forerunner of the Chinese Revolution. The collection will be available both in China and abroad. Edited by the Sun Yat-sen Society of Jiangsu Province, the collection contains 130 inscriptions, letters and other pieces of handwriting by Dr. Sun, who led the 1911 revolution that toppled the Ging, China's last feudal dynasty.

One third of these are published for the first time, according to a spokesman for the society, which is an academic organization. The collection will be valuable for the study of Sun's ideas on patriotism and national solidarity, the spokesman added. Dr. Sun Yat-sen died in Beijing in 1925.

LEADERS ATTEND LECTURE ON LAW AND SOCIALISM

HK110115 Beijing LIAOWANG in Chinese No 29, 21 Jul 86 pp 9-11

[Article by LIAOWANG reporters: "The Legal System Is an Important Matter Which Has a Bearing on the Overall Situation — Notes on Central Leading Comrades Attending a Course on Legal Knowledge"]

[Excerpts] It was 3 July 1986.

The course of lectures conducted by the Secretariat of the CPC Central Committee on legal knowledge began at 0900. We rushed up to cover the occasion.

We arrived at Zhongnanhai's Huairen Hall at 0830. When we entered the hall, we found Comrades Tian Jiyun and Hao Jianxiu already seated there. When we asked them why they were so early, Tian Jiyun said: "Today we are attending a lecture so we have to come earlier." Hao Jianxiu also said: "Students should not be late." [paragraph continues]

While we were talking, Sun Guohua, an associate professor of the law department of the Chinese People's University, arrived. Tian Jiyun and Hao Jianxiu came up to greet their teacher.

The lecture was being conducted by the central Secretariat. Since the CPC Central Committee and the State Council issued a circular on making legal knowledge basically universal among all citizens capable of receiving an education within 5 years, in November of last year, education on the legal system has been progressively conducted in all localities throughout the nation. In particular, party and government leading cadres in various localities have been highly enthusiastic about studying the law. By mid-May members of leading bodies of 24 provinces, autonomous regions, and municipalities, including Standing Committee members of provincial CPC Committees, chairmen and vice chairmen of the Standing Committees of provincial people's congresses, governors and vice governors, CPPCC Committee chairmen and vice chairmen, Discipline Inspection Commission secretaries and deputy secretaries and leading comrades of provincial military commands, had taken the lead in attending courses on law at regular intervals. Central organs, ministries, commissions, and PLA units at or above the regimental level had also begun studying law.

To further encourage the cadres and people of the various localities and departments all over the country to study, observe and act according to the law and to foster the habit of acting according to the law and proceed to perfect our country's socialist legal system, the central Secretariat conducted a course of lectures on legal knowledge for central leading comrades and separately invited professors of law and law specialists to give them lectures in Zhongnanhai on the basic theories of the Marxist science of law, the Constitution, the criminal law, the civil code, economics law, and legal knowledge concerning foreign affairs. This will really arouse the enthusiasm of the vast masses of cadres and people for studying and abiding by the law. It has been planned in principle that the course of lectures on legal knowledge will be conducted once a month. It consists of six lectures. They are the Marxist theory of the role of law, the question of regulating and controlling the operation of the national economy by legal means, a brief account of legal systems in capitalist countries, the Soviet Union, and East European countries, an introduction to elementary knowledge of international public law, a briefing on elementary knowledge of international private law, and the general situation of the construction of China's legal system.

Before the first lecture was started, we interviewed Associate Professor Sun Guohua. He said: "I was asked to give central leading comrades a lecture on legal knowledge. This both moved and worried me. What moved me is that though very busy, our central leading comrades still managed to find time to attend a lecture on the legal system. This shows how much importance the party Central Committee attaches to the building of the legal system. What worried me is that although the Marxist theory of the role of law has substantial content it had to be condensed and taught within 2 hours and moreover, my knowledge of the subject is limited, so I am not really sure whether I can make the lecture a success."

While the conversation was under way, Comrades Hu Yaobang, Fang Yi, Qiao Shi, Li Peng, Hu Qiaomu, Hu Qili, Yao Yilin, Chen Muhua, Chen Pixian, Wang Zhaoguo, and Wang Heshou as well as principal leading comrades of the General Office of the CPC Central Committee, the central Political and Legal Work Department, the central Propaganda Department, and of the Beijing Municipal CPC Committee, arrived at Huairen Hall one by one. Hu Qili said to the other comrades: "Some central comrades working in the Army wanted to attend this lecture but could not do so because they had to attend a report meeting being held today by the Military Commission on the correction of party style and party rectification in the Army.

They felt really sorry to miss the lecture and expressed their readiness to attend the coming lectures."

While introducing Sun Guohua to Hu Yaobang, Hu Qili said: "This is Comrade Sun Guohua, an associate professor of law at the Chinese People's University. He is giving us today's lecture." [passage omitted]

Before the lecture began, Hu Qili said: "This program is being conducted by the central Secretariat with the approval of Comrades Yaobang and Ziyang. According to the plan, several lectures on the legal system will be given beginning in July. We have invited some specialists to give us separate lectures. Comrades of the Political Bureau and Secretariat and the principal leading comrades of the departments concerned will all attend the lectures."

Hu Qili said: "Having heard the report on the work of improving party style and correcting unhealthy practices at a meeting of the Standing Committee of the central Political Bureau, which was held on 28 June, Comrade Xiaoping pointed out: We are now focusing on party style, and this can be regarded as strengthening the role of law from an overall viewpoint. Vital to strengthening the role of law is the question of education, and the crux of the matter lies in educating the people." Hu Qili said: "Having leading comrades attend courses on the legal system is a measure taken by the central authorities to strengthen the building of the legal system. The study of law by leading comrades will be conducive to spreading legal knowledge among the public and will educate and encourage all party members to learn, observe, and act according to the law. The practice will also help ensure the smooth progress of China's overall reforms and modernization program. We believe that this lecture will help us increase our knowledge of law."

Hu Yaobang said: "The laws of the old society served the interests of the reactionary ruling class. As we wanted a revolution then, we could not act according to such laws. Therefore, we had to become lawless," as Comrade Mao Zedong said. Today things have changed. We have seized state power and the people have become the masters of the country. We have to abide by our own laws and should act not only by relying on the party policies but also according to law. If we were still lawless today, we would bring chaos to our own ranks and untold sufferings on ourselves as we did during the "Great Cultural Revolution." [passage omitted]

Sun Guohua began his lecture amid warm applause. He said: "Whether a country can enjoy a long period of order and stability and become prosperous depends on the legal system. A highly democratic and civilized country must be a country with a very strict legal system. Democracy and the legal system are the trend of the world and of historical development. In China, developing socialist democracy and perfecting the socialist legal system are the common aspirations of the people, a guarantee indispensable to the socialist modernization, and a point which the party has repeatedly stressed."

Subsequently, Associate Professor Sun Guohua stated his understanding of the Marxist theory of the role of law, starting with society -- social readjustment -- legal readjustment, the nature, role, and functions of law, the change in the function of China's socialist law in the new period, and also the establishment of a concept of law commensurate with the socialist commodity economy. During the 2-hour lecture, central leading comrades listened attentively to the lecture and many comrades took notes while listening.

Sometimes, some of the audience raised questions and sometimes, they chipped in to consult Associate Professor Sun on some points and discuss them with him. The whole class was permeated with a lively atmosphere of instruction benefiting teachers as well as students.

After the lecture, everybody warmly applauded the teacher. When Hu Qili gathered their opinions on the lecture, Hu Yaobang said: "I suggest more people be invited to attend this kind of lecture. They will greatly benefit from attending such lectures."

Comrade Qiao Shi added: "I suggest that not too many lectures be offered at one time on the principle that fewer will be better implemented."

Comrade Li Peng said: "Special stress should be put on some legal knowledge of crucial importance so that it can benefit those attending in their practical work." Hu Qiaomu made two suggestions. He hoped that the Constitution, criminal law, and criminal procedural law would be added in the coming lectures and that the interrelations between politics and law and between policies and law would be explained.

"Well said. This can really be said to be instruction benefiting both teacher and student. We should take note of these suggestions when arranging our future lectures." Having said that, Hu Qili announced that the class was over.

BOOK FAIR HELD TO ENTICE FOREIGN PUBLISHERS

HK090504 Beijing CHINA DAILY in English 9 Aug 86 p 1

[By staff reporter Liu Dizhong]

[Text] China is stepping up attempts to attract publishers from abroad to sell books and expand business in the country as part of its modernization campaign.

It also seeks to expand joint ventures involving Chinese partners in the book trade.

Now it will hold its first international book fair in Beijing early next month to provide a showcase for the world's publishers.

This campaign comes despite the present constraints on using foreign currency which means spending on foreign publications must keep to the same level as last year -- $52 million.

China is in the grip of its own information revolution as a result of the drive for modernization and sees itself as an ideal market for firms to expand sales.

At the book fair in Beijing, which opens on September 5, more than 1,000 publishing houses from 34 countries and international organizations will display 50,000 books covering science, education, economics and culture.

Books published in Taiwan will be included in the one-week fair.

The fair will help China further understand developments throughout the world, particularly in the fields of science and technology.

Most of the books to go on display were published this year or last, said Zhao Yingshu, an official of the China National Publications Import and Export Corporation (CNPIEC), the fair's sponsor.

China's publishing houses have established close links with overseas presses since the country began opening up to the outside world in 1980.

About 23 publishing houses in Shanghai have issued more than 70 titles in co-operation with publishers from Britain, the Federal Republic of Germany, the United States, Japan, Yugoslavia and Hong Kong.

These include dictionaries, picture books, children's stories, textbooks, and books on history, literature, economics and tourism.

Every year, China imports about 100,000 books from abroad for more than 10,000 subscribers as well as for retail book stores.

Increasing interest in foreign countries has also spurred imports of newspapers and periodicals. China imported more than 4.6 million issues of about 300 overseas newspapers and periodicals for 12,000 subscribers, 3 percent more than previously.

Zhao said more than 3,000 subscribers were local or collectively-owned enterprises, indicating a growing demand among small enterprises to be well-informed.

In spite of the devaluation of renminbi this year, the total number and variety of books to be imported in 1986 remained unchanged, Zhao said.

Chinese subscribers pay in Chinese currency for foreign books and periodicals. The state grants CNPIEC, in exchange, the foreign currency it needs for dealing with overseas publishers.

DENG LIQUN ATTENDS ACADEMIC FORUM ON PHILOSOPHY

OW071215 Beijing Domestic Service in Mandarin 1100 GMT 5 Aug 86

[Text] Hu Sheng, president of the Academy of Social Sciences of China, delivered a speech at an academic forum on the present situation and development in the study of philosophy. The forum was jointly held today by 24 units, including the China People's University.

In his speech, Hu Sheng pointed out: There are mainly two ways to develop Marxist philosophy. 1. To scientifically analyse and criticize the various schools of thought at home and abroad, and to discard what is erroneous and assimilate what is useful; and 2. To study and to carry out practice. Philosophers must ally themselves with natural and social scientists and strive to solve philosophical problems in the fields of natural and social sciences.

A dozen or more subjects will be discussed at the forum, such as philosophy and reform, experience in developing Marxist philosophy, Marxist philosophy and new technical innovations, Chinese traditions in philosophy, and the development of socialist spiritual civilization in China.

Present at today's forum were Deng Liqun, (Zong Houze), and philosophy teachers, scientific researchers, theoreticians, and propaganda workers from all parts of the country, totalling more than 400 people.

EXPERTS URGE INFORMATION TECHNOLOGY DEVELOPMENT

OW080825 Beijing XINHUA Domestic Service in Chinese 1139 GMT 7 Aug 86

[By RENMIN RIBAO reporter Chen Zujia and XINHUA reporter Zhu Weixin]

[Text] Beijing, 7 Aug (XINHUA) -- In developing our country's information technology and industry, we should aim at meeting market demands and make great efforts to promote commodity production based on information technology. This view was advanced by experts at a recent discussion of our country's policy on the development of information technology.

According to the experts, it is imperative to change the state of affairs whereby our information technology has long remained in the stage of research and development, small-scale production, and laboratory application and is hardly capable of entering the market. Instead, we should develop information technology as an industry. The work in this field should not only be geared to application, but also be market-oriented in the days to come.

The recent discussion meeting on information technology development, organized by the State Science and Technology Commission and other departments concerned, discussed in the main the technology of using electronic hardware and software in collecting, transmitting, processing, and storing information. It involves several interrelated technologies and industries, including microelectronics, telecommunications, computers, software, and sensors.

The experts expressed deep concern over the fact that China's information technology and industry are falling more and more behind the international level. They said: Our country's information technology and industry have taken shape and established a technological foundation after 30 years of development. However, they are still far from adequate in meeting the needs of socialist modernization. Our investment in this field has long been insufficient, and funding has been rather scattered. Because of the acute shortage of qualified personnel, the technological development manpower is inadequate. Our research and development work is out of step with production. Many enterprises have low labor productivity. In addition, our information technology is not internationally competitive, and even at home it occupies only a small share of the market.

The experts pointed out: We must have confidence in developing our information technology and industry in the face of international competition. Now that our country is carrying out a policy of opening to the outside world, the domestic market has become an integral part of the international market. If our products cannot compete in the international market due to their poor quality and high prices, they will also lose out in the domestic market.

To improve the competitive edge of our information technology products on the market, the experts proposed that we concentrate our efforts on key projects and go all out to speed up this work. At the present stage, they said, we should not demand that our information technology and industry catch up with and surpass the advanced international level in all aspects. Moreover, we should not try to include everything in our development program, and should not advocate trying to do everything from the very beginning by relying on ourselves. In developing products falling in the priority development category, they said, we should see that their performance and prices are close or equal to the international level. It is necessary to establish a number of industrial enterprises capable of competing with others and having the potential to develop further so as to win a certain place in the international market and bring about self-sustained development of our information technology and industry.

ENERGY, CHEMICAL CENTER PLANNED IN SOUTHWEST

OW080630 Beijing XINHUA in English 0558 GMT 8 Aug 86

[Text] Kunming, August 8 (XINHUA) -- China plans to build a major energy and chemical industrial center in the valley of the lower reaches of the Jinsha River at the border of west China's Sichuan, Yunnan and Guizhou Provinces, Fang Lei, an official of the State Planning Commission, said here today.

The Jinsha is a major tributary of the Yangtze, the longest in China.

Of the twenty-five projects planned for the 36,852 kilometer area, there will be two coal mines with an annual capacity of at least 600,000 kilowatts, a hydropower electric station with a capacity of 4.6 million kilowatts and three ammonium phosphate plants.

When completed at the end of this century, the area should be annually producing 19 million tons of coal and 800,000 tons of ammonium phosphate, the official said.

Seven docks will be built and a 266-kilometer river section will be dredged to enable ships with a carrying capacity of up to 1,000 tons to sail to Shanghai along the Yangtze.

The area is endowed with deposits of 30 minerals, including 23.8 billion tons of coal, 4.9 billion tons of phosphorous ore, and six billion tons of troilite. Its sulphur deposits rank first in China.

In addition, ten rivers in the area are suitable for building hydropower electric stations.

Local authorities have built 300 kilometers of new road to prepare the area for the scheduled economic take-off.

HEADWAY MADE IN CONSERVING ENERGY RESOURCES

OW100444 Beijing XINHUA Domestic Service in Chinese 1408 GMT 9 Aug 86

[By reporter Ge Daxing]

[Excerpts] Beijing, 9 Aug (XINHUA) -- According to data published on 9 August by concerned departments of the State Council, departments and units in all localities made headway to varying degrees in conserving energy resources and promoting economic construction during the Sixth 5-Year Plan. During these 5 years, China conserved energy resources amounting to 120 million metric tons of standard coal, or one-sixth of China's total output of energy resources in 1985. About half of the energy resources needed for China's economic growth during the Sixth 5-Year Plan were obtained through energy conservation. [passage omitted]

According to a decision made at a recent meeting sponsored by the State Council, in the future China will also make public periodically how all main energy-consuming trades and their key enterprises' products consume energy resources, encourage the advanced, spur on the backward, and urge all trades in all places to treasure precious energy resources so as to create more social wealth.

RENMIN RIBAO REPORTS INCREASED TRAFFIC ACCIDENTS

OW090628 Beijing XINHUA in English 0618 GMT 9 Aug 86

[Text] Beijing, August 9 (XINHUA) -- More than 5,500 people were killed and another 30,000 injured in traffic accidents in Chinese cities in the first seven months of this year, up 30 percent and 7.5 percent over the same 1985 period. Altogether 48,000 traffic accidents happened in China's 320 cities, the "PEOPLE'S DAILY" reported today.

Quoting statistics from the Public Security Ministry, the paper said that in recent years, the economic losses caused by traffic accidents have averaged 500 million yuan annually.

The paper attributed this state of affairs to backward traffic control methods, which cannot cope with the growing volume of traffic in cities now expanding under China's modernization program.

Also responsible is inadequate traffic legislations and poor publicity of the existing traffic rules, as well as shortages of traffic police.

DENG XIAOPING INSCRIBES FOR MARTYR'S STATUE

OW092002 Beijing Domestic Service in Mandarin 1100 GMT 9 Aug 86

[Text] A bronze statue of Martyr (Gu Bai), a revolutionary of our party in the early period, was recently erected in Zhenshan Park in his hometown, Changning Township, Xunwu County, Jiangxi, according to the Jiangxi People's Broadcast Station. Comrade Deng Xiaoping inscribed for the statue.

ANHUI MARKS ANNIVERSARY OF UNITED FRONT POLICY

OW130235 Hefei ANHUI RIBAO in Chinese 24 Jul 86 p 1

[Excerpts] The United Front Department of the provincial party committee, the provincial CPPCC Committee, the various democratic parties, as well as notables from various circles, participated in a forum at the auditorium of the provincial CPPCC Committee 22-23 July to mark the 30th anniversary of the policy of "long-term coexistence and mutual supervision."

Shi Junjie, deputy secretary of the Anhui Provincial CPC Committee and chairman of the provincial CPPCC Committee, attended the forum. Zhang Binglun, director of the United Front Department of the provincial party committee, presided at the forum and spoke. He pointed out that the policy of "long-term coexistence and mutual supervision, treating each other with all sincerity and sharing weal and woe" is a policy designed to mobilize all sectors of the united front to serve socialism, to strengthen and improve party leadership over the united front, and to expand socialist democracy. It is a fundamental policy for united front work in the new period.

He said: Multi-party cooperation under CPC leadership is an important component of socialist democracy. It is also a special feature and strong point of our socialist system. The CPC is the party in power. The most terrible thing that could happen to a party in power is that it would fail to hear the voices of the people. The CPC needs the supervision of the people. Without this supervision, the party would cut itself off from the masses and would make all sorts of mistakes. [passage omitted]

Li Qingquan, vice chairman of the provincial CPPCC Committee, was the last to speak at the forum. He pointed out: How to further develop the democratic parties supervisory role and nonpartisan personnel and make it institutionalized and embodied in law is an important task facing us. To further bring into play the role of democratic parties, we must truly respect, within the framework of the Constitution, the political freedom, indepedence of organization, and legal equality of the various democratic parties and encourage and support them in carrying out their work independently and creatively.

Cao Zhenqiu and Li Jixiang, vice chairman of the provincial CPPCC Committee, as well as responsible comrades of the United Front Department of the provincial party committee and united front departments of the provincial departments also attended the forum.

PROLONGED DROUGHT AFFECTS FUJIAN'S CROPS

OW120610 Beijing XINHUA in English 0546 GMT 12 Aug 86

[Text] Fuzhou, August 12 (XINHUA) -- While northeast China is going all-out to fight floods, drought has struck large areas of coastal Fujian Province, one of the country's rainiest regions.

Millions of peasants in this east China province turn out every day to plant late rice, according to the provincial government.

By August 9, the whole province had planted 526,000 hectares of late rice and 200,000 hectares of soybeans, sweet potatoes and peanuts.

High temperatures and drought have gripped most of the areas in Fujian Province since late June, affecting more than 313,000 hectares of rice fields. Some paddy fields have not had a drop of water for months and the situation is even worse in remote, mountainous areas. The worst-stricken area is around Quazhou City, where 69,300 hectares of rice fields have been affected. Now leading cadres, headed by Governor Hu Ping, have gone to the stricken areas to direct the efforts to beat the drought. In Ningde Prefecture, where 60,000 rice paddies have dried up, more than 300,000 cadres and peasants are rushing to repair irrigation facilities. In just five days, one county put up 100 pumps and organized 1,000 tractors to work the fields. Up to now, more than 1,600 hectares have been planted with late rice.

Fuzhou city had planted 60,000 hectares of late rice by August 8. The anti-drought efforts have had the support of factories and urban residents, who try to save water to irrigate the fields. Farm machinery departments have sent mechanics to rural areas to help repair pumping facilities, and other departments, including power, materials, commercial and supply and marketing, all have lent helping hands within their capacity. Local weather stations predict that the drought will continue and the provincial government has called on local peasants to continue their anti-drought efforts without let-up.

SHANDONG REPORTS CONSTRUCTION OF POWER PROJECTS

SK120430 Jinan DAZHONG RIBAO in Chinese 28 Jul 86 p 1

[Text] Our province expedited power industrial construction. In the first half of this year, investment in the five large-scale projects, including the Zouxian, Shiheng and Huangtai projects, totaled 280 million yuan, amounting to 53.2 percent of the annual quota, and increasing by 200 percent over the corresponding period of last year. The speed in the construction, the work amount, and the fulfillment of plans were unprecedented in the history of the province's power industrial construction. In the development of the power industry, attention was given to both production and construction, with capital construction and production being put in equal important positions. The fighting targets for this year were set as follows: To ensure that the second 300,000-kilowatt power generating equipment of the Zouxian Power Plant, and the 500,000-volt ultrahigh tension power transformation project running from Zouxian County to Weifang via Jinan are completed and commissioned; to basically complete the installation of the first 300,000-kilowatt power generating equipment of the Shiheng Power Plant; to install the boiler for the 300,000-kilowatt power generating equipment of the Huangtai Power Plant; and to complete the earthwork of the installation of the two 200,000-kilowatt sets of power generating equipment of the second-phase project of the Longkou Power Plant. At the same time, good preparations should be made for the installation of the two 300,000-kilowatt sets of power generating equipment of the Dezhou Power Plant. Five work groups led by leading persons of the provincial power industrial bureau were organized and sent to work at grass-root units. They paid attention to major areas and key construction, and strived to render good service. Power construction staff and workers tried every means to overcome the difficulty in equipment and material supplies, and speed up the construction. The two 300,000-kilowatt sets of generating equipment of the Shiheng Power Plant are a major technical import project of our country. The first set of the equipment is planned to be completed and commissioned next year. Staff members and workers of the provincial second power construction company are striving to complete the installation basically within this year. Investment in it in the first half of this year totaled 57.8 percent of the annual quota.

GUANGXI HOLDS ADVISORY COMMISSION PLENUM

HK120825 Nanning Guangxi Regional Service in Mandarin 1000 GMT 9 Aug 86

[Text] Between 5 and 7 August, the regional Advisory Commission convened the fourth plenum in Nanning. The session conveyed and acted in the spirit of the Central Advisory Commission's forum of provincial, city, and regional Advisory Commission chairmen. It conducted discussions on supporting the new leading group's work and enlivening the region's economy.

Huang Yun, chairman of the regional Advisory Commission, as well as Wang Zhuguang and (Duan Yanzhong), vice chairmen of the regional Advisory Commission, attended the session. Also present were 24 members of the regional Advisory Commission.

Following the opening of the session, Comrade Huang Yun conveyed the spirit of the Central Advisory Commission's forum of provincial, city, and regional advisory commission chairmen. The participating comrades expressed that they resolutely supported the spirit of the forum, would actively support the new leading group's work, and would study hard. They expressed that they would learn as they live. They would diligently study Marxism, as well as important principles and policies of the CPC Central Committee since the 3d Plenary Session of the 11th CPC Central Committee. They would pay attention to investigation and study. On politics, they would act in assistance of the regional CPC Committee.

Chen Huiguang, secretary of the regional CPC Committee, (Zhong Jiazuo), Standing Committee member and secretary general of the regional CPC Committee, made speechess at the closing session.

Comrade Chen Huiguang spoke highly of and fully affirmed the regional Advisory Commission's acts of supporting the new leading group's work and helping the regional CPC Committee and people's government make their decisions.

Comrade Chen Huiguang also introduced to the participating comrades the regional CPC Committee's major tasks for the second half of this year, as well as its investigation trip to flood-affected areas. In his conclusion, Comrade Chen Huiguang hoped that the regional Advisory Commission would continue to strengthen its own building, to conduct investigations, to undertake tasks assigned by the regional CPC Committee, and to make arrangements and support the major construction projects. He also hoped the commission would do well in the work concerning retired and aged cadres.

In connection with the central task of the regional CPC committee, the plenum discussed the regional Advisory Commission's tasks for the second half of this year.

GUANGDONG CONCLUDES PLANT MANAGEMENT MEETING

HK090151 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 8 Aug 86

[Excerpt] The Guangdong provincial on-the-spot meeting in Maoming on introducing the system of having a plant manager or director responsible for targets to be reached during his term of office concluded today. Vice Governor Kuang Ji outlined arrangements for this work. He said: Enterprises of all types throughout the province must institute this system together with the plant manager responsibility system in stages and groups.

The general demand is that these systems should be introduced in over 70 percent of prefectures, cities, sectors, and trades this year and next. The systems should be universally in force by the end of the Seventh 5-Year Plan.

Kuang Ji stressed that these two systems constitute an important policy decision on economic structural reform during the Seventh 5-Year Plan. From now on, all prefectures, cities, departments, and bureaus must make plans in light of the different circumstances and implement them in stages and groups. [passage omitted]

GUANGXI MEETING ON TOBACCO, CIGARETTE PRODUCTION

HK121232 Nanning Guangxi Regional Service in Mandarin 1000 GMT 9 Aug 86

[Excerpts] To focus on improving the quality of flue-cured tobacco and cigarettes, to promote the region's tobacco production, and to make contributions toward invigorating the region's economy were the major topics discussed by the regional conference on flue-cured tobacco and cigarette production which concluded on 9 August. Convened by the regional people's government, the conference summed up the region's achievements made in this area over the years. [passage omitted]

In 1985, the industry had a gross industrial output value which was 70.83 percent more than that of 1983. The output volume of cigarettes increased by 37.9 percent. Compared to 1983, the industry's realized profits and taxes, as well as its profits and tax delivery, were increased respectively by 1.29 and 1.02 times. In the first half of this year, the industry achieved further growth in terms of output value, profits, taxes, and revenue.

The conference pointed out: Although the region made good achievements in production, there are still many weak points. [passage omitted] The Seventh 5-Year Plan is a critical time for carrying out the full-scale economic structural reform and promoting a further growth in the region's economy. It is also the period during which the region's tobacco industry should experience an historical change. In order to promptly promote tobacco production, we must do well in a down-to-earth manner in the following tasks:

First, we must grow tobacco in a scientific way and cultivate good quality tobacco. [passage omitted]

Second, the six tobacco factories approved by the region, including the (Fuchuan) workshop, must systematically carry out technological transformation on their present equipment. [passage omitted]

Third, we should strengthen our supervision over the tobacco market and ban activities of speculating in name-brand cigarettes and those types in short supply. [passage omitted]

Fourth, we should expand the sales market and promote production development. [passage omitted]

Fifth, we should strengthen our administration, improve economic results, and increase revenue. [passage omitted]

Wei Chunshu, chairman of the regional people's government, and Wang Rongzhen, vice chairman of the regional government, attended the conference. They made important speeches on promoting the region's tobacco production.

GUANGDONG CRACKS ILLEGAL CIGARETTE TRADING CASE

HK121239 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 9 Aug 86

[Excerpts] At the end of last month, this station and newspaper reported that people in Nanhai County's (Dali) Agricultural Commodities Trade Market had privately and unlawfully engaged in the cigarette wholesaling business and put forward the problem uprooting cigarette traders.

The provincial Tobacco Monopoly Bureau recently cracked an unlawful case in which, in collusion with state-run units, unlawful cigarette traders had smuggled and resold some 80,000 cartons of cigarettes valued at 600,000 yuan. This furnished an answer aimed at solving this question.

This unlawful practice was mainly carried out by three unlawful cigarette traders who first contacted a certain unit in Guilin City, Guangxi, regarding the purchase of middle-grade and high-grade cigarettes with a total value of some 1.26 million yuan, and then signed a contract with the party in Guilin on the production of a certificate of a certain unit in Huizhou City, Guangdong, bearing its chop and account number. [passage omitted] This batch of cigarettes was unlawfully sold wholesale by these several cigarette traders.

Tobacco is a state monopoly commodity. The State Council and provincial government have promulgated tobacco monopoly regulations on many occasions, stressing that individuals and units are strictly prohibited from wholesaling without permission. The provincial government has also provided that the transporting of over 10 cartons of cigarettes from outside this province must be approved by the provincial Tobacco Monopoly Bureau. These three cigarette traders and certain units flouted these regulations and carried out this serious unlawful practice of smuggling and reselling cigarettes. [passage omitted] According to the calculations of the tobacco monopoly department, from the reselling of this batch of cigarettes at local wholesale prices, they could earn profits of some 420,000 yuan. These cigarettes undoubtedly became the source of goods of intermediate traders. This was the main reason the people in (Dali) Agricultural Commodities Trade Market privately and unlawfully engaged in the cigarette wholesale business.

According to the statistics of the provincial Tobacco Monopoly Bureau, in the first half of this year, our province cracked four such serious unlawful cases of the reselling of some 500,000 cartons of cigarettes, valued at some 3 million yuan. If we do not promptly curb the illegal activities of reselling cigarettes, this will seriously disrupt the management of the cigarette market of our province and cause very big losses to the state. [passage omitted]

HENAN RADIO URGES IMPROVEMENTS IN ECONOMIC WORK

HK130147 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 12 Aug 86

[Station Commentary: "All Levels Must Concentrate Efforts on Promoting the Economy"]

[Excerpts] More than 7 months of the year have a already passed. A momentum of steady development has emerged in the province's economy. However, industrial growth in the first half of the year was slow, and economic results were poor. The leaders at all levels and all the departments must attach a high degree of importance to this problem.

What are the reasons for slow progress in production and the decline of economic results in some parts of Henan? Naturally, there are objective reasons, but one of the main reasons is failure to get an effective grasp of work. The leading cadres of such areas and departments have not focused their work and efforts on studying and leading economic development. They lack a sense of responsibility and urgency regarding economic work. [passage omitted]

Vigorously developing a socialist commodity economy is the cardinal link in carrying out reform and developing the productive forces. We cannot achieve anything without economic development. This is a basic Marxist viewpoint. It has also been the sole guiding idea since the 3d Plenary Session of the 11th CPC Central Committee. The current highest form of politics is to make a success of the four modernizations, focused on the economy. This is the starting point and the base for us in considering and handling problems.

Why have Jiangsu and Zheijiang been able to achieve rapid economic progress? The main reason is that all levels there have concentrated efforts on grasping the economy, and all sectors and trades and all work serve economic construction. For our Henan's economy to advance, we must clearly understand that the central task of all departments and cadres in the province is to serve production and economic development. [passage omitted]

Viewing the January-July period, we find that objective conditions throughout the province more or less the same, yet development was very uneven. Five prefectures and cities achieved a growth of more than 8 percent, but in six prefectures and cities the growth was below 1 percent. Should not these prefectures and cities where production could not rise and economic results were poor seriously sum up the lessons and hurry to catch up?

Concentrating efforts to promote the economy is a major affair. All departments and trades and the cadres at all levels must unswervingly work hard to make a success of this work. [passage omitted]

BAINQEN SPEAKS AT SICHUAN RALLY OF CADRES

HK111428 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 7 Aug 86

[Text] On the afternoon of 7 August at a rally of cadres held by the Garze Autonomous Prefectural CPC Committee, autonomous prefectural People's Congress Standing Committee, autonomous prefectural government, and autonomous prefectural CPPCC Committee, Bainqen Erdini Qoigyi Gyaincain, vice chairman of the NPC Standing Committee and honorary president of the Buddhist Association of China, delivered a lengthy speech.

He emphatically pointed out: Upholding the unification of our motherland, opposing a split, and strengthening the unity of nationalities, particularly the unity of the Tibetan and Han nationalities, is an important guarantee for the prosperity of the Tibetan areas and the well-being and happiness of the people.

In his speech at the rally, NPC Vice Chairman Bainqen said: Over the past few years, the Garze Autonomous Prefectural CPC Committee has done a great deal of work in persistently implementing the directives of the central authorities and the party's policies toward nationalities so that Garze Autonomous Prefecture has undergone a gratifying change in all aspects.

NPC Vice Chairman Bainqen said: We must enforce completely and to the letter the law on the regional autonomy of minority nationalities. In the Tibetan areas, we must pay special attention to studying and using the Tibetan language and characters, develop nationality education, and train all kinds of cadres of minority nationalities.

NPC Vice Chairman Bainqen pointed out: We must seriously implement the party's policy on religions, [words indistinct], and carry out normal religious activities.

He stressed: Before the 13th party congress is held, the Tibetan areas must solve the problems of implementing policies which have been left over and further promote the political situation in stability and unity.

[Words indistinct] NPC Vice Chairman Bainqen inspected the situation in all aspects of work in Garze Autonomous Prefecture, factories, schools, and temples. [passage indistinct] He also carried out Buddhist activities.

On 8 August, NPC Vice Chairman Bainqen will leave Kangding to continue his inspection and visits.

XIZANG TIBETAN STUDIES SEMINAR CONCLUDES

Wu Jinghua Attends

HK120231 Lhasa Xizang Regional Service in Mandarin 1130 GMT 9 Aug 86

[Excerpts] The seminar on Tibetan studies in Lhasa has successfully concluded. [passage omitted] On the afternoon of 8 August, the seminar on Tibetan studies in Lhasa held a closing ceremony in the Lhasa Conference Center. Responsible comrades of the region, including Wu Jinghua, Pagbalha Geleg Namgyai, Dangzin, Mao Rubai, Peng Zhe, Tudao Doje, and Jimzhong Gyaincain Puncog, attended the ceremony. At the closing ceremony, a letter proposing the holding of an international seminar on Tibetan studies in Lhasa in due course was first read. [passage omitted]

On behalf of the regional CPC Committee and regional people's government, Tudao Doje, vice chairman of the regional people's government, spoke at the ceremony. [passage omitted] In his speech, he dealt with three points of views on training qualified personnel:

1. The ranks of Tibetan studies are an important force to embark on the building of two civilizations.

2. In the course of building two civilizations, a large number of qualified personnel must be discovered and trained.

3. Tibetan studied workers must have a spirit of creativeness and action.

He said: With the concerted efforts of all of you, the seminar on Tibetan studies in Lhasa has been held very successfully. [passage omitted] On behalf of the regional CPC Committee and regional people's government, I extend heartfelt thanks to all representatives attending the seminar and through you, to all experts, scholars, and scientific research personnel of Tibetan studies circles throughout our country.

(Lasa Puncog), president of the regional Academy of Social Sciences, chairman of the Standing Committee of the Seminar on Tibetan Studies in Lhasa, and deputy president of Xizang Society of Tibetan Studies, delivered the closing speech at the ceremony. [passage omitted]

The regional CPPCC Committee presented a silk banner at the closing ceremony of the seminar on Tibetan studies in Lhasa, extending greetings on the success of this seminar. [passage omitted]

Letter of Proposal Drafted

HK120345 Lhasa Xizang Regional Service in Mandarin 1130 GMT 9 Aug 86

[Letter of Proposal from the Seminar on Tibetan Studies in Lhasa]

[Text] Under the concern of the regional CPC Committee and government, the seminar on Tibetan studies in Lhasa has successfully concluded after the concerted efforts of all representatives. At this seminar, the elite gathered and spoke without any inhibition. The ranks were reviewed and achievements exchanged.

The Tibetan nationality has a long-standing history and rich cultural heritage. Tibetan studies have a profound significance in making Tibetan culture thrive and promoting the building of two civilizations in the areas of the Tibetan nationality. China is the home of Tibetan studies while Xizang is the place where Tibetan studies began. It is superior conditions for Tibetan studies which have been richly endowed by nature.

To strengthen extensive contacts with Tibetan studies circles abroad, to make Tibetan studies of our country thrive, and to develop it, and representatives attending the seminar unanimously proposed that an international seminar or Tibetan studies should be held in Lhasa in due course. It is hoped that on the existing basis, workers of Tibetan studies of all nationalities throughout our country will further strengthen unity and cooperation, give full play to their own strong points, and work hard to hold an international seminar on Tibetan studies in Lhasa as soon as possible and to create a new situation in Tibetan studies of our country. Seminar on Tibetan studies in Lhasa, 8 August 1986, Lhasa.

Radio Commentary

HK120234 Lhasa Xizang Regional Service in Mandarin 1130 GMT 9 Aug 86

[Station commentary: "Work Hard in Coordination To Advance and Scale Heights of Tibetan Studies Together"]

[Excerpts] The unprecedentedly grand seminar on Tibetan studies in Lhasa has successfully concluded. We extend warm greeting to the success of the seminar. [passage omitted]

Xizang is the place where Tibetan studies began. Hardworking, courageous, and [words indistinct] wise Tibetan people created a unique and brilliant ancient culture in their long history. We believe that under the party leadership and under the support of the people of all nationalities throughout our country, they will surely be able to maintain the cream of their ancient culture and create a more brilliant modern culture.

Tibetan studies in our country has a history of some 1,000 years. However, only since liberation, particularly since the 3d Plenary Session of the 11th CPC Central Committee, has Tibetan studies, as an independent discipline, taken a broad road and vigorously developed. [passage omitted]

Veteran scholars and experts in Tibetan studies and middle-aged and young research workers in Tibetan studies from Beijing, Gansu, Qinghai, Sichuan, Yunnan, and various places in our region submitted several dozen these which had been carefully written after serious study. These theses profoundly present the history, politics, economy, religion, language, literature, and society of Xizang and added luster to this seminar. This was the hallmark of the new heights of Tibetan studies our country has scaled. [passage omitted]

Through this seminar, research workers in Tibetan studies of our region and people of insight of all nationalities have deeply felt that only by doing a good job in Tibetan studies can we deepen our understanding of Xizang, profoundly understand the specific characteristics of Xizang, ensure everything is based on Xizang's realities, do our work well, and invgorate Xizang. The basic task of Tibetan studies is to serve the building of two civilizations in Xizang. [passage omitted]

People of all nationalities, particularly intellectuals and cadres at all levels, of our region, must work hard with one heart and one mind and make sustained and redoubled efforts push Tibetan studies to a new stage and create more brilliant achievements. This is our hope.

NI ZHIFU SPEECH ON BASIC INDUSTRY LINKS

HK110803 Beijing JINGJI GUANLI in Chinese No 6, 5 Jun 86 pp 4-9

["Excerpts" of speech given by Ni Zhifu at meeting in Tianjin in latter half of January to sum up investigations, studies of three basic links in industry: "Strengthen the Building of the Basic LInks to Promote Tianjin's Industry" -- edited by Liu Qichang]

[Text] Editor's note: Following are excerpts of a speech delivered by Comrade Ni Zhifu at a meeting held in Tianjin in the latter half of January to sum up investigations and studies of the three basic links in industry. The speech put before us this important issue: In order to bring about vigorous economic growth and prepare ourselves for continued economic and social development in the nineties, all trades and professions and all localities must make an earnest effort to strengthen the building of the basic links. Since the Seventh 5-year Plan is a time for laying the foundation, we must grasp this task very firmly indeed. [end editor's note]

The meeting to sum up investigations and studies held during the past few days has been very successful. Since May last year, the relevant departments of the municipal CPC committee and government had been conducting fairly large-scale investigations and studies on basic technology, basic materials, and basic components (called the "three basics" for short). Basic technology here includes the fundamentals of design, basic techniques, and personnel training. Although the investigations were confined to the machinery and electronics industries, the findings should arouse the attention of comrades on the vast economic front of our municipality and should be used by various trades for reference in some aspects.

The Basic Links Must Be Strengthened in Order To Promote Tianjin's Industry

At the CPC National Congress last year, Comrade Zhao Ziyang put forward the call that during the Seventh 5-Year Plan we must, in the main, lay the foundation for the new economic structure, push forward the construction on key projects, technological transformation, and the development of intellectual resources, and prepare the materials and technology required for continued economic and social development in the nineties. In my opinion, the strategic objective of our economic work as a whole during the Seventh 5-Year Plan may be referred to simply as "laying the foundation." Foundation-laying includes many aspects. As far as the development of the entire national economy is concerned, agriculture is the foundation. As far as the realization of the key strategic goal of quadrupling agricultural and industrial output value is concerned, agriculture, energy and transport, and education and science are the fundamental links that condition the development of the national economy as a whole. In terms of the rationalization of economic relations, once we have successfully carried out reforms aimed at invigorating the enterprises and at gradually improving the market structure and the means of macroeconomic control, we will have basically laid the groundwork for a socialist economic structure with Chinese characteristics that is full of vigor and vitality. All of these are very important basic tasks. The construction of basic links in industry has a close bearing on "laying the foundation." Thus, our present endeavor to sum up and study measures for strengthening the construction of basic links in industry may also be regarded as a component of the task of laying the foundation.

We should note that after more than 3 decades of development since the founding of the PRC, Tianjin's industry already has a fairly solid foundation. Since the 3d Plenum of the 11th CPC Central Committee in particular, Tianjin's industry has been advancing steadily along the road of sustained and coordinated developoment, thus creating better conditions for future development in many respects. However, we should also note that Tianjin's industrial development is confronted with new situations and new challenges. The advent of the new worldwide technological revolution is producing a great impact on the industrial, energy, and consumption structures and on various aspects of social life. The application of new means of production has brought about tremendous changes in manufactured products. Tianjin, being an open coastal city, plays a pivotal role in linking China with foreign countries. Tianjin's industry must make good use of domestic as well as foreign markets, capital, and resources, gradually switch from mainly catering to domestic needs to serving both domestic and foreign markets, with the emphasis on the latter, and compete in international markets. With the rapid development of coastal and inland industrial cities, a number of up-and-coming industrial cities have emerged. Tianjin's industry is losing some of its superiority in the intense market competition.

Confronted with such challenges, Tianjin's industry cannot cope in many respects. This is conspicously reflected in the backwardness of its products, its sluggishness in updating products, and its poor capacity for producing complete sets of equipment. The fact that its products are backward and therefore cannot compete in international markets is one of the important reasons why exports have dropped in recent years. Most of the export items are either primary goods or crudely processed goods. There are very few "fist" products that can dominate international markets, particularly in the case of mechanical and electrical products. Because the updating of products is sluggish, a downward trend is seen in the proportion of the market occupied by Tianjin products. Since 1978, the national rankings of 21 of Tianjin's 44 major products have dropped, and the position of some of its famous brands have been taken over.

These turns of events have indeed given some comrades "a sense of crisis." What should we do about this? In my opinion, as long as we take the challenge seriously, adopt the correct measures, and fully utilize the favorable conditions enjoyed by Tianjin, we can ensure Tianjin's leading role in the modernization drive. What, then, are the correct measures? Many comrades have already realized that what we should do is concentrate our efforts on strengthening the basic links. We should say that this is an important measure that suits the remedy to the case.

Some comrades have second thoughts about grasping the construction of basic links in industry because they are afraid that "distant water cannot quell immediate thirst." I think that a correct understanding of "distant water" and "near water" is in order here. "Near water" is close at hand, but "distant water" comes in a long and continuous flow. The best strategy is to grasp both by making appropriate use of "near water" while exploiting "distant water" with insight. It is thus wrong to set "the quelling of immediate thirst" against "the exploitation of distant water." It should be a major policy for Tianjin to take advantage of the excellent Seventh 5-Year Plan, in which the economy will develop steadily and coordinatedly, to earnestly strengthen the building of the basic links in industry so as to prepare the necessary ground for the upcoming revitalization of industry.

Properly Handle the Relations Between the Basic Links and Other Links in Industrial Development

Through the current investigations, many comrades have come to realize further that the basic way for Tianjin to develop its industry is to grasp the basic links, develop "fist" products, pay attention to the tackling of key problems, promote the production of precision and advanced products, grasp readjustment, produce complete sets of products, grasp management, improve quality, and take the road of striving for better economic benefits through technological transformation, assimilation, innovation, and coordination among specialized departments and the tapping of existing potential. Insofar as the strengthening of the material and technological foundation and the managerial foundation of industry is concerned, there are many links that need to be grasped and many relations that need to be correctly handled. Here, I would particularly like to discuss the relations between the basic links and other links.

1. To raise the level of finished products, we must start with improvement in the basic links.

We should see that the solution of the problem of updating products depends on basic links that can pass the stiffest test. Today, many enterprises and trades attach great importance to the improvement of their products. They have invested a good deal of money, adopted a great number of measures, and achieved considerable successes. However, in many cases, the updating of products proceeds very slowly and it is difficult to raise the level of products because the basic links are holding things back. This is reflected in the fact that many products "blossom in Tianjin but bear fruit elsewhere." Why? An important reason is that our industry operates on a low level of technical equipment. Our techniques are not really up to the mark and the performance of our basic materials and basic components is poor. In a word, the basic links are no good. Although our ability to carry out research and design is quite good in certain respects, we have been unable to quickly translate the results obtained into actual productive forces.

We should also see that the tasks of raising the level of the basic links in industry and raising the level of finished products promote each other and are mutually dependent and complementary. Finished products are the final results of industrial production; they are the synthesized manifestation of the levels of raw and semi-processed materials, design, techniques, equipment, and means of testing. If we take the updating of finished products as our objective, we can organize in an organic way technological development, imports, transformation, and management, as well as raw and semi-processed materials, parts and components, complementary and auxiliary factors, and technological coordination necessary for the principal products.

We emphasize the need to raise the level of the basic links because we want to raise the level of finished products. Not because we want to set these two aspects of work against each other or separate them. The major problem at present is that some comrades do not attach sufficient importance to the need to strengthen the construction of the basic links. If we grasp finished products without grasping the construction of the basic links, finished products will remain at a low level. By combining the two and improving those factors that may affect the quality of finished products, we will be able to bring about a marked improvement in industrial production as a whole.

In combining the grasping of finished products with the grasping of the basic links, we must also properly handle the relations between direct local economic benefits and socioeconomic benefits and between immediate and long-term interests. Seen in terms of direct economic benefits, some construction projects in the basic links may not appear to be quite worthwhile, but they can produce great socioeconomic benefits. They may not produce a lot of immediate benefits, but they can contribute toward the improvement of economic benefits for a long time to come. On no account must we ignore them.

2. In carrying out technological transformation, we should attach importance to strengthening the basic links.

During the Seventh 5-Year Plan, we should not rely mainly on the construction of new plants in our efforts to develop industrial production. Instead, we should rely more on technological transformation, renovation, and expansion of old enterprises. In carrying out technological transformation in enterprises, we must attach importance to the application of new technology, new techniques, and new equipment in order to bring about technological progress. During our investigations of the "three basic links," we discovered a long-standing problem in the transformation of old enterprises: some units paid a good deal of attention to the renovation and expansion of factory premises but did not devote sufficient efforts to the renovation of such basic links as basic techniques. As some comrades have analyzed, 30 percent of our technological transformation projects could actually be classified as capital construction. After technological transformation, some units are still using old techniques although their factory premises are newly built. They may have renewed their equipment, but their equipment models are old. They have not made much improvement in their technological level and are still "reproducing antiques."

In the technological transformation of enterprises, we must take the improvement of product quality and performance, the increase in the number of varieties, and the reduction of consumption as our main direction of attack. Poor product quality and high material consumption are the fatal weaknesses of Tianjin's industrial production. The presence of these weaknesses is closely related to the frailness and backwardness of the basic links in industry. In the production of traditional products in many trades, we are still using outmoded designs, poor components, and backward techniques. This results in a high consumption of energy and raw and semiprocessed materials, a high percentage of rejects, poor efficiency and comprehensive utilization, and serious environmental pollution. In technological transformation, we must attach sufficient importance to the transformation of the basic links in industry and resolutely change the primitive and backward state of affairs in which material consumption quotas are based on estimations, product quality depends on skill, and output targets are calculated by the ton.

3. In importing and drawing in advanced foreign technologies, we should pay attention to tackling problems in the basic links.

We have been told by a host of facts that if the assembly line alone is imported and nothing has been done about supporting components, or if the whole machine or its software alone is imported, without due attention being given to the manufacturing of key parts and components, the results cannot be satisfactory. Some units rely on the import of components for years on end and constitute an endless drain on foreign exchange. Some imported projects cannot be put into production because their key parts and components are not up to the mark. We should take the import and assimilation of key projects in the basic links as an important component of our entire importing work. When drawing in advanced foreign technologies, we should attach sufficient importance to some of the key basic materials. [paragraph continues]

We must not only pay attention to and be good at organizing importing, but must also pay attention to and be good at organizing assimilation and innovation. It should be pointed out that the purpose of importing lies in assimilation and innovation. This is not only because we have limited foreign exchange and cannot afford to spend huge amounts of foreign currency to import ready-made foreign products, raw and semiprocessed materials, and parts. Even if we had sufficient foreign exchange, we cannot buy ourselves modernization if we do not try to improve our ability to digest and assimilate. In order to digest and assimilate advanced foreign technologies and carry out innovation, we must also devote a lot of time and energy to digestion and assimulation in the basic links. We must start with the basic links and proceed from learning to application, transformation, and then innovation.

4. In strengthening construction of the basic links, we should take the road of specialization, cooperation, and integration.

The readjustment of the economic structure, industrial structure, and product mix in order to make the system more rational is an important basic task during the Seventh 5-Year Plan. In developing Tianjin's industry, we must proceed from the needs of national economic development and our actual conditions. With the exception of projects of a comprehensive nature, we should concentrate on certain aspects, foster our strong points while shunning the weak ones, and bring into play the advantages we enjoy. With this in mind, we should be selective and should not crave parallel advances on all fronts. We should not strive to produce a complete range of products, do everything ourselves, or vie to play the leading role all the time. Instead, we should select a number of products and trades which conform to the overall requirements of the plan, which enjoy favorable conditions, and which promise a good future and good socioeconomic benefits, accord priority to their transformation and development, and turn them into "fists." In developing lateral associations and organizing coordination between Tianjin and the rest of the country, we must give full scope to the collective superiority of Tianjin's enterprises while upholding the principle of selecting the best partners.

In the readjustment of enterprises, we must uphold the principles of economic soundness and coordination among specialized departments and gradually bring about specialization, cooperation, and integration in industrial production through readjustment, restructuring, and association. In Tianjin, some of the big factories mainly producing machines have fairly well-equipped workshops for such basic techniques as casting, forging, heat treatment, and molding, but much of the equipment is left unused. Because the level of specialization is low and technical strength cannot be concentrated, production in big and small factories alike does not take the form of the batch process. This results in poor product quality, excessive numbers of rejects, heavy consumption, and high costs in the enterprises. Seen in the social context, the fact that numerous factories and workshops are being built while so much productive capacity is being left idle has given rise to a situation of blind duplication at a low level. We must, through readjustment and restructuring, make the basic technique workshops of big factories serve the whole system and the whole city, in addition to serving their own factories. The small factories, on the other hand, should be converted to the manufacture of other products, amalmagated or joined with others, required to suspend operations, or even shut down. [paragraph continues]

By carrying out readjustment, restructuring, and association aimed at specialization, concentrating the necessary manpower and financial and material resources, speeding up technological transformation on this basis, building a number of energy-saving and competent key plants that pose few pollution hazards or a number of research and testing centers that see a concentration of manpower and equipment, and forming a network of specialized cooperation with these key plants as the backbone, we will be able to bring about notable improvements in the basic industries.

5. In developing new industries, we should make breakthroughs in the basic links.

The rising of new industries depends on the development of new materials, techniques, and technologies. Some comrades fail to see the relationship of opposition and unity between the basic links and the precision and advanced, as if emphasis of one means neglect of the other. This is a misunderstanding. I would say that if you truly want to promote and push forward the development of new industries, you must really devote a lot of time and energy to renovating the basic links. We should realize that the development and rise of new industries are the result of new breakthroughs made in the basic links. This holds true for microelectronics and computer production, optical fiber and laser technologies, bioengineering, and so on. To begin with, new materials constitute the material basis of new technologies and are often the precursor of new technologies. The continuous updating of basic materials has expedited the rise of new technologies at different historical stages. Moreover, the development of a new product or industry not only implies the establishment and perfection of a whole new set of technological principles, but calls for the continuous innovation and application of relevant structural designs, testing devices, techniques, and equipment. Furthermore, the establishment of new industries must be guaranteed by renovated conventional techniques and brand-new techniques and technologies. Thus, we may say that the development of new industries and the continuous innovation and renovation of basic technologies, materials, and components complement each other.

In popularizing modern and scientific management, we must strengthen the work of the basic links.

From what we understand, some enterprises are backward technologically but even more backward in management. Thus, the improvement and strengthening of enterprise management is a very pressing task of immediate significance.

To strengthen enterprise management, we must practice classified guidance. The small number of units which have done quite well in basic management work must move on to modern management, while the majority of enterprises which are quite weak in basic management must concentrate their efforts on effectively strengthening the work of the basic links. Tianjin has been grasping basic management work in enterprises for many years. While much improvement has been made, problems still abound as things now stand. The task of improving the management and quality of enterprises in an all-round way is yet to be completed. In some enterprises, the basic data is neither complete nor accurate, the documentation of techniques and technologies is incomplete, technical discipline is law, and people do not follow the rules of technical operations. We must exert ourselves in grasping such basic management work as fixing standards and quotas, keeping original records, taking measurements and conducting tests, compiling comprehensive statistics, enforcing the system of responsibility and technical discipline, training personnel, and carrying out economic accounting. [paragraph continues]

We must strive to do a good job in these aspects and lay a solid foundation for enterprise management within not too long a time. Even those enterprises which have already started carrying out scientific management or are getting ready to carry out modern management must continue to improve and strengthen their present basic management work so as to provide a firm and reliable basis for the practice of modern management.

Specific Policies and Measures Are Needed To Strengthen the Construction of the Basic Links in Industry

Strengthening the construction of the basic links in industry is a long-term and formidable task which requires the guarantee of specific measures in addition to unified understanding and clear-cut policies.

1. In mapping out the city's Seventh 5-Year Plan and plan for industrial development, we must make appropriate arrangements for the construction of the basic links.

How should Tianjin's industrial development plan be mapped out? I have discussed a number of points in the past. What I must emphasize again today is that our plan must embody the spirit of laying the groundwork. In the past, some of our plans and programs tended to give more consideration to quantitative targets of output and output value than to the strengthening of construction of the basic links. Now, when mapping out industrial development programs, we must integrate the long-term development objectives and priorities with the construction of the basic links in order to raise the level of industrial development as a whole. For example, Tianjin should provide the hinterland with more advanced technologies and equipment. This being the case, how we are going to strengthen the construction of relevant basic links should be reflected in our program. During the Seventh 5-Year Plan we must maintain a suitable and reasonable economic growth rate and devote more energy to laying a solid foundation. Appropriate arrangements must be made in the city's Seventh 5-Year Plan for capital construction, technological transformation, technological imports, the tackling of technological problems, the supply of key raw and semiprocessed materials, the strengthening of research and testing bases, personnel training, and so on necessary for the construction of the basic links in industry. In addition, fairly explicit plans must also be mapped out and arrangements made as to the level to be attained in basic techniques, the characteristics to be developed in the production of basic components, the requirements to be met in the production and supply of basic materials, and also the measures for guaranteeing the fulfillment of these tasks.

2. We must formulate some supportive policies to create the necessary conditions for strengthening the construction of the basic links.

To begin with, support must be given in respect of investment and credit. The work of laying the groundwork in industry requires a good deal of capital investment, including a fair amount of foreign capital. The shortage of funds is a major obstacle to the strengthening of the basic links. How should we resolve this contradiction? In addition to properly managing and using existing funds and striving to improve the effects of the utilization of funds, we must do our best to explore new sources of funds in various ways. We could consider asking various financial institutions in the city to deposit a given amount into the bank as strategic development funds for key construction projects in the basic links and providing support to the development of construction of the basic links in industry in the form of interest-free or low-interest loans or in other ways. [paragraph continues]

Many construction projects in the basic links often do not bring much economic benefit to the enterprises and do not offer much incentive for bank loans. In such cases, it is necessary to give them support in the form of financial appropriations.

In projects of construction and technological transformation, the development of finished products and the construction of the relevant basic links should be given due consideration in the arrangement of funds so that the development of the projects can promote the development of the basic links. In undertaking projects of capital construction, technological transformation, and technological import in the future, we should see to it that the construction of the basic links and the respective projects are designed, started, and checked and accepted at the same time and should instruct the departments concerned to carry out examination. Of course we cannot demand uniformity when handling such complicated matters. If, for some special reasons, we can only make arrangements for finished products initially, we must make up for the construction of the basic links afterward. Some basic links belong to the same enterprise as that producing the finished products. When planning such projects, the two aspects can be considered together. In the supporting enterprises, such matters are to be considered and tackled in a unified way by the corporation, bureau, and city concerned. Projects in the basic links which require long investment cycles should, in addition to low-interest or interest-free loans, be granted suitably extended terms of repayment. Before the loans are paid, the enterprises concerned should be granted tax reductions or exemptions and allowed to make repayments out of profits realized. Each year, a certain amount of foreign exchange must be set aside for use in funding transformation projects which yield slow returns but produce enormous socioeconomic benefits.

Next, preferential treatment must be given on matters of price and tax. In regard to products with a higher profit rate for the main machine but a lower one for basic supporting parts, we must carry out readjustment in a planned and systematic way, taking the readjustment of unreasonable price ratios as the point of departure. We must practice the policy of better price for better quality. Toward specialized factories or centers, we may carry out the policy of granting tax reduction or exemptions for given periods, or contracts may be signed to fix the amounts of profit delivery and tax payment. Considering that the profit level of enterprises in certain basic links is quite low, we may allow those enterprises or trades with low profit margins to retain all of their depreciation funds or reserve funds for technological transformation rather than requiring them to hand over such amounts.

Furthermore, many of our workers, staff members, and cadres engaged in the basic links, particularly those handling basic techniques, have been working under fairly arduous conditions and have made a good number of contributions all these years. We must strive step by step to improve their working conditions, carefully study and readjust the policy of distribution within the enterprises. and conscientiously adhere to the principle of distribution according to work.

3. We must develop intellectual resources and train personnel in a planned way.

The shortage of trained personnel on the industrial front is an important factor that directly affects our future industrial development. This problem is much more pronounced in departments and units belonging to the basic links in industry. Despite the shortage, some of the trained personnel have not been properly made use of. [paragraph continues]

While there are many jobs not filled by technical personnel, a large number of technical personnel have nothing to do. In order to fully bring into play the role of scientific and technical personnel, there are two things we must do. First, we must make a conscientious effort to assign them to posts where they can play their part and solve the problem of people not being able to apply what they have learned in their work and doing work they are not trained for. Second, we must properly organize the rational flow of personnel. In conjunction with the readjustment of trades, enterprises, and the product mix, we could adopt the method of planned transfer and organize the reshuffling of specialized personnel concerned so as to form a superior technical force for particular trades of the development of key products. Or, we could organize by economic means the technical forces of all quarters to carry out readjustment and transfer around major and comprehensive projects in the fields of production or science and technology. Third, we must continue to organize the joining of efforts to tackle problems. By concentrating the scientific and technological forces inside and outside the city, fostering the strong points and making up for the shortcomings, and forming a dominant force, we can make still greater contributions in important matters relating to the economic and technological development of the whole city.

From the perspective of vigorous economic growth in the nineties, we must develop intellectual resources and train personnel in a planned way. We must strive in a systematic and planned way to raise the educational and scientific and technological levels of the vast numbers of cadres and workers. Training of different content and in different forms should be provided for different personnel. Scientific and technological personnel with years of experience should be given refresher courses in a planned way. Technical personnel transferred to handle economic and management work should be given training in management know-how and techniques so that they will become specialized technical personnel of a new type, who are not only experts in technical matters but also adept at management. Leading managerial personnel who have years of experience in economic management but who have a low educational level should be given education in cultural, scientific, and modern management knowledge. We must open more avenues for training personnel. We, as well as fully bringing into play the role of regular schools and colleges and spare-time schools, must also pay attention to the role of federations, science associations, enterprise associations, and other social bodies so that trained personnel of every kind may emerge in an endless stream from all quarters.

SUN WEIBEN INSPECTS HEILONGJIANG FLOOD SITUATION

SK120347 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 11 Aug 86

[Text] At 1300 on 11 August, leading comrades of the provincial party committee and government, including Sun Weiben, Hou Jie, Chen Yunlin, and Wang Lianzheng; He Daoquan, leading cadre of a certain PLA unit stationed locally; Yu Dianchen, deputy commander of the provincial Military District; and Gong Benyan, mayor of Harbin City, inspected the flood situation by helicopter along the main stream of the Songhua Jiang, starting off from the Harbin section of the Songhua Jiang.

From the helicopter, our reporter saw that the river overflowed in many parts of the embankment and flooded the Songhuajiang Valley, the broadest section of the river water being some 20 li.

In Zhaoyuan County, leading comrades of the provincial party committee and government heard reports on this county's flood prevention work and pointed out that it is necessary to prepare for serious flooding. At present, special efforts should be made to ensure the safety of the dangerous sections of the embankment during the flood period.

Sun Weiben, secretary of the provincial party committee, stressed: We should strengthen leadership over flood prevention work and make the leaders responsible for areas where disasters occur.

PLA Commander Inspects Area

SK130222 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 12 Aug 86

[Text] This morning Liu Jingsong, commander, and Liu Zhenhua, political commissar of the Shenyang Military Region, inspected the Songhua Jiang in the company of Wang Lianzheng, provincial vice governor, [name indistinct], political commissar of a certain combined arms army, (Yu Liechen), deputy commander of the provincial Military District, and Zhao Fuchen, vice mayor of Harbin City. They also inspected some dangerous sections in [words indistinct].

After inspecting the water flow situation of the Songhua Jiang, a leading comrade of the Shenyang Military Region said: The flood means an order. Now the PLA units have made all preparations to support local antiflood work with all-out efforts, and to safeguard the lives and property of the people of Harbin City.

He said that he will send comrades of army units immediately to reinforce the Songhua Jiang grand dikes.

GAO DI ATTENDS JILIN ASSOCIATION INAUGURATION

SK130202 Changchun Jilin Provincial Service in Mandarin 0930 GMT 12 Aug 86

[Text] This morning more than 40 essayists and editors of newspaper and magazine essays happily got together in Changchun for the inauguration of the Jilin Provincial Association of Essayists. This association is a mass academic organization composed of essayists, essay theoretical researchers, essay teachers and editors of newspaper and magazine essays, and also is a group member of the provincial Federation of Social Science Societies. Its purposes are to uphold the four basic principles, implement the double-hundred policy, write essays and carry out essay theoretical research in close connection with actual problems, train essayists and theoretical workers, help our province's essay creation flourish, and make contributions to the reforms in various fields, accelerating the building of the two civilizations, and revitalizing Jilin.

At the inaugural meeting the constitution of the association was adopted, and the first board of directors was elected. Gu Changchun was elected president of the association. Gao Di was invited to serve as honorary president, and Wang Daren, Liu Jingzhi, (Peng Zong), and (Jia Qingxin) as advisers. Attending the meeting were Gao Di, Liu Jingzhi, Gu Changchun, (Peng Zong), and (Jia Qingxin).

GAO DEZHAN ADDRESSES JILIN INDUSTRY MEETING

SK060737 Changchun Jilin Provincial Service in Mandarin 0930 GMT 5 Aug 86

[Excerpt] The provincial government held an industrial production meeting on 5 August. At the meeting, Governor Gao Dezhan called on the vast number of staff members and workers on the industrial and communications front to take the initiative to go into action to deeply launch the activities of supporting the disaster-stricken areas by increasing production and income, practicing strict economy, reducing expenses, and increasing economic results with a focus on the antiflood, rescue, and relief work; and to go all out to grasp the current industrial production and make early preparations for next year's production.

Governor Gao Dezhan pointed out: The flood situation this year is very serious as many areas have been hit with the flood disasters which arrived earlier and suddenly. The vast number of soldiers and civilians are bravely fighting in the forefront of the antiflood and rescue work every day. The antiflood, rescue, and relief work is the central task at present. Thus, all departments should make their work serve and submit to this central task. The vast number of staff members and workers on the industrial and communications front should make actual efforts to increase production and reduce expenses to support the disaster-combat struggle, foster the thinking of firm conviction in conquering the disasters, conscientiously analyze the production situation, find out where we lag behind, solve the problems concerning the uneven development of production, and make efforts to further increase industrial production in order to fulfill the overall industrial production plan. The tasks for industrial production in the last 5 months of this year are arduous and complicated. The current situation requires the industrial front, in particular, the areas hit by light disasters, to shoulder heavy loads in order to make up for the losses suffered by the agricultural front.

HOU ZONGBIN VIEWS GANSU CADRE SYSTEM PROBLEMS

HK090317 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 8 Aug 86

[Text] Reforms of the cadre system constitute an important aspect of political structural reforms. Solving the problem of cadres being able to move both up and down and of breaking down the system of life-long tenure of posts and of pay and conditions represent the focal points in reforming the cadre system. This was stated by Hou Zongbin, deputy secretary of the provincial party committee, at a report meeting on reforms of the organization and cadre system held on 8 August.

Comrade Hou Zhong Bin said: As the reforms go deeper, we feel more and more that the various reforms are being constrained by the cadre and organization systems, and that the development of various reforms poses urgent demands on the reform of the cadre and organization system. At present, the problem of cadres being able to move both up and down is a practical problem urgently awaiting solution in the building of the leadership groups at all levels in Gansu.

In April and May this year, the provincial party committee's Organization Department carried out an examination and analysis of cadres at and above section level in the prefectures and cities and some of the provicial organs, enterprises, undertakings, and other units. The results showed that the great majority of the cadres are able to meet the needs of reform and economic construction. However, a few cadres are incompetent and unsuited. These cadres have to step down. However, it is very difficult to summon up the resolve for this. At present, in fact, cadres are only able to move up, not down. The reasons for this are, first, there has long been a traditional concept in society, and an unwritten rule has also formed in the party, to the effect that so long as they do not make mistakes, cadres cannot be moved down. Second, even if they are moved down from their posts, there is the question of retaining their pay and conditions unchanged. Unless this problem is solved, it will be difficult for talented people to compete and for new cadres to replace old. We must therefore persevere in reform and break down the systems of life-long tenure of duties and of pay and conditions. We must let the masses have still more say on the questions of appointing, dismissing, and reshuffling cadres.

Comrade Hou Zongbin said in conclusion: The cadre problem is a very complex and sensitive issue. We must consider the question carefully and carry out research. We must both stimulate reforms and uphold principles, and also deal with different cases in different ways according to the circumstances.

In his report, Comrade Hou Zongbin also spoke in detail on changing government functions, strengthening macro management and control of the cadres, and improving the building of the organization departments themselves while carrying out reform.

GANSU LEADER URGES RAISING GRASS, LIVESTOCK

HK120218 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 11 Aug 86

[Excerpts] A provincial symposium on eliminating poverty by planting grass, raising livestock, and promoting development opened in Dingxi on 11 August. The aim of the meeting is, through summing up experiences, to fully recognize the great importance of the strategic shift in Gansu's agricultural development and press forward to a new stage the work of planting grass and trees, developing animal husbandry, supporting poor areas, and eliminating poverty through development.

Li Ziqi, secretary of the provincial party committee, said at the meeting that since 1983 the people of Gansu have seriously implemented the new agricultural guideline proposed by Comrade Hu Yaobang of planting grass and trees, developing animal husbandry, transforming the mountains and rivers, eliminating poverty, and enriching the people. We have carried out the second stage of rural reforms. A new shift has appeared in the province's rural economy. This is mainly expressed in the following ways:

1. We have basically reversed the long-standing situation of serious damage to the vegetation. [passage omitted]

2. A situation has emerged in which animal husbandry is promoted through planting grass, agriculture is promoted by animal husbandry, and all-round development is being achieved in agriculture, forestry, animal husbandry, sideline occupations, and industry.

3. The rural cadres and masses now have greater confidence in eliminating poverty and getting rich. [passage omitted]

In the future, the general intention in the province's agricultural work is to ceaselessly follow the new path of planting trees and grass and developing animal husbandry, and to take new strides in making the strategic shift in agriculture. We can thus create a new situation in the work of eliminating poverty through development and ensure that the rural commodity economy improves year by year.

SHAANXI LEADER URGES CORRECTING PAST WRONGS

HK100525 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 9 Aug 86

[Excerpts] Li Sengui, member of the Standing Committe of the provincial party committee and secretary of the provincial Political and Legal Commission, said at a meeting of presidents of intermediate-level People's Courts on 9 August that all past miscarriages of justice, no matter at what level of organization they were decided, and no matter who approved them, must be resolutely corrected and their victims rehabilitated. It is necessary to correct in a truth-seeking way the verdicts on those who were wrongly arrested and sentenced on account of ordinary historical problems or ordinary violations of law, and on those who, despite rather serious problems in their political history, were wrongly sentenced for counterrevolutionary crimes.

In his speech Li Sengui also spoke in detail on the tasks, policies, and focal points in carrying out case reexamination. He pointed out that in implementing the policies, the focus should be on cases of a political nature. The handling of old historical cases should be done in accordance with the spirit of the resolution on a number of problems in the history of the party since the founding of the state and with the party's line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee. We should uphold the viewpoint of historical materialism and take into account the historical background at the time in making a scientific analysis of each specific case. A judgement should be corrected completely or partially, as appropriate; and no correction should be made if the judgement was correct.

Li Sengui also pointed out that in reexamining and correcting miscarriages of justice, it is necessary to continue to emanicipate the mind, eliminate the pernicious influence of leftist ideology, seek truth from facts, and correct any mistakes that were made. [passage omitted]

The conference was held in Lintong from 5 to 9 August. It conveyed the spirit of relevant central documents, and focused on studying how the province's court system should further implement the party policies and correct miscarriages off justice.

SHAANXI VIEWS RURAL IDEOLOGICAL, POLITICAL WORK

HK120835 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 10 Aug 86

[Text] The 6-day provincial CPC Committee's conference on rural ideological and political work and conference of provincial, prefectural, city, and county Cultural Bureau directors concluded on 10 August. The conference demanded that party organizations at all levels adopt effective measures to seriously strengthen rural ideological and political work in the new situation.

At the conference, comrades in charge of propaganda work from all prefectures, cities, and counties held serious discussions and exchanged experiences on how to strengthen rural ideological and political work in the new situation. Leading comrades from the provincial CPC Committee, provincial Advisory Committee, and provincial government Bai Jinian, Li Qingwei, Dong Jichang, Mou Lingsheng, Li Sengui, (Bai Menghua), Zhang Bin, and Xu Shanlin attended the prize-awarding meeting on 9 August and awarded prizes to the advanced units.

Mao Zhengxian, Standing Committee member and Propaganda Department director of the provincial CPC Committee, presided over the conference. Zhou Yaguang, deputy secretary of the provicial CPC Committee, delivered a summation.

Comrade Zhou Yaguang said that the second step of rural reform has raised new and more arduous tasks for ideological and political work, because developing a socialist commodity economy is not merely an economic matter but is also a matter concerning ideology, culture, science, and technology. Without establishing the new ideas suited to the development of a commodity economy, it is impossible for us to develop a socialist commodity economy. Without necessary scientific and technological knowledge, without knowledge of comodity production and commodity exchange, and without knowledge of the law of commodity economy and corresponding policies, laws, and rules, it is also impossible for us to properly develop a socialist commodity economy.

He said that to develop a commodity economy at present, it is necessary to get rid of leftist influence and the previous closed circle. These are important tasks for building socialist spiritual civilization suited to the modern material civilization.

Comrade Zhou Yaguang said that CPC committees at all levels must seriously implement the stragegic principle of grasping the two civilizations simultaneously, and genuinely put the building of socialist spiritual civilization in an important position. He said that some leading cadres failed to conduct prompt, purposeful, and thorough investigation of the new problems they met in ideological and political work, failed to seriously sum up the advanced experiences gained by the masses, failed to give much publicity to the new experiences, and failed to exercise effective leadership over rural ideological and political work. These are the main reasons for the failure to make a breakthrough in the building of the current rural spiritual civilization.

He pointed out that the building of socialist spiritual civilization is closely related to the four modernizations drive. This is not a matter of whether or not we should grasp it, but a matter that we must firmly grasp.

Comrade Zhou Yaguang stressed that efforts must be made to firmly grasp the following three tasks: 1) It is necessary to firmly grasp education of party members regarding rural party rectification. 2) It is necessary to seriously conduct ideological education of people on developing a socialist commodity economy. 3) It is necessary to conduct education on establishing new socialist customs in a deep and protracted way.

Comrade Zhou Yaguang also pointed out that it is necessary to vigorously strengthen mass cultural work, further enliven healthy and rich cultural life in rural areas, and occupy the rural ideological front with socialist morality and culture. This is an important part in strengthening rural ideological and political work. He called on all localities to pay serious attention to and properly carry out the work.

SHAANXI NOTICE ON VILLAGE-LEVEL RECTIFICATION

HK100523 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 9 Aug 86

[Excerpts] The Party Recification Office of the provincial party committee issued a circular on 7 August demanding that all prefectural, city, and county party committees now start to prepare for the shift from township to village-level party rectification. The circular said: Doing a good job in village-level party rectification represents the final stage in implementing the central decision on party rectification. All areas must hurry to make the following preparations:

1. Organize the party committees at and above township-level to seriously study the central and provincial party committees' documents on rural party rectification, so as to understand the importance, complexity, and difficulty of village-level party rectification, unify their thinking, and enhance understanding. [passage omitted]

2. Organize forces to select villages of different categories to investigate the situation regarding the village-level party organizations and party members and the main problems to be solved through party rectification.

3. Seriously sum up the experiences of pilot projects in village-level rectification. [passage omitted]

4. On the basis of investigation, study, and obtaining a clear picture of the situation, we should readjust those few leadership groups where there are many problems, some of the leaders are seriously in question, and the party branches are in a state of paralysis, so as to make organizational preparations for village-level rectification.

5. Take stock of and consolidate village finances, with the focus on solving problems of serious abuse of economic powers among party-member cadres, especially leading members of party branches. We should guide and help the rural party organizations to get a good grasp of this work.

6. Dispatch some party-member cadres to act as inspectors, liaison men, and so on in village party rectification, after first training them. [passage omitted]

XINHUA CONFIRMS ANTINUCLEAR GROUP'S MEETINGS

HK120239 Hong Kong HONGKONG STANDARD in English 12 Aug 86 p 3

[Text] The anti-Daya Bay movement will fire its biggest salvo on Monday next week when it confronts Chinese leaders in Beijing with some million signatures collected from people avowedly opposed to the nuclear plant project.

Though it was agreed in principle that representatives of the movement, the Joint Conference for Shelving the Daya Bay Nuclear Plant, would be granted an appointment with senior Chinese officials, the long-awaited confirmation of the date came only yesterday when the local XINHUA news agency relayed the message to the group.

The Joint Conference, which spearheaded the anti-nuclear signature campaign, pointed its gun at the Chinese Government after first aiming at the Hong Kong government and Umelco.

Mr Hu Fei, the acting head of the Department of Social Work at XINHUA, told the group that Chinese leaders are ready to receive its 12-member delegation headed by the Rev Fung Chi-wood.

XINHUA has not yet told the group, however, whom the delegation is going to meet or of the itinerary, though the group has requested to see Premier Zhao Ziyang and senior officials from three other authorities -- the Standing Committee of the National People's Congress, the Hong Kong and Macao Affairs Office, and the National Nuclear Safety Administration.

Along with the delegation, XINHUA agreed to help bring all signatures there. China Travel Agency has been assigned to handle the shipment.

The delegation will set out this weekend to Guangzhou and then fly to Beijing. They will pay for their own expences.

The group is expected to stay in the Chinese capital for five days. It has indicated that it would not mind visiting Chinese nuclear reactors there, if invited.

Asked whether they would stand firm on the demand to stop the project, the delegation appeared divided in their view.

Mr Fung said he would accept either an entire scrap, re-siting, or postponement, while another representative, Mr Anthony Ha, said a position would be worked out before their departure.

"One thing we must keep in mind is the people's anxiety about the plant. It's the Chinese Government's responsibility to ease these fears. We'll relay their messages," said Mr Sin Kam-wai.

Meanwhile, over the next two days, the Joint Conference will petition the Governor and the China Light and Power company asking them to hold back their decision on buying electricity from the plant.

The group's plan of action will be announced this afternoon at a press conference.

Meanwhile, XINHUA is actively helping people to visit the Daya Bay plant site. Several organisations, including the Conservancy Association, the Civic Association, the Association for the New Territories Societies, and members of the Sha Tin district board, have been there with XINHUA assistance.

EDITORIAL NOTES IMPORTANCE OF PRC-MPR TREATY

HK120411 Hong Kong SOUTH CHINA MORNING POST in English 12 Aug 86 p 10

[Editorial: "Hidden Significance of Mongolian Treaty"]

[Text] The trip by the Chinese Vice-Foreign Minister, Mr Liu Shuqing, to Ulaanbaatar last week would have been an ordinary diplomatic visit were it not for the fact that the two nations were once one entity, their relations have been long estranged, and that the two signed a consular treaty, the first such agreement since 1949. Behind the usual bland communique about being good neighbours lies a power shift which has, potentially, global significance.

Mongolia is a puppet satellite of the Soviet Union which has 50,000 troops equipped with missiles and aircraft stationed along the border with China, one of the three obstacles to "normalisation" of the strained relations between the two communist giants. Mr Liu's successful visit -- the first by a Chinese official of such high rank since 1949 -- is a small but concrete move towards better relations. Appropriately, it comes immediately after the historic speech in Vladivostok by the Soviet leader, Mr Gorbachev, proposing detente with Beijing, part of which should be a "balanced reduction" of troops from each side of their joint border. Since a lengthy sector is shared with Mongolia, the deployment of Soviet troops in that desolate country is an important factor in the overall relationship.

The People's Republic has often said (admittedly not so often these days) that Mongolia has always been an integral part of China and it still has a special interest in this strategically located country. When relations between Moscow and Beijing soured in the late 1950's, Mongolia was among the first to side with the Soviet Union. Afraid of China's military might, Mongolia's leader, the late Tsedenbal, acquiesced to the stationing of Soviet troops in his country. Border incidents have been common but because of the desolate terrain and sparse population, never flared up to the extent of the Ussuri River incidents. Only last year, Mongolia's President Jambyn Batmonh openly spoke of his desire for closer ties with China.

Mr Liu's small but symbolic treaty is not the only straw in the wind: Shortly after the Soviet leader extended his olive branch to China, he followed it up by sending senior Vice-premier Ivan Arkhipov to Beijing, ostensibly to seek acupuncture treatment. An old friend of China, who helped rebuild its tottering economy in the eary 1950's, Mr Arkhipov can count many of today's veterans, such as top economist Chen Yun, as among his friends.

It is also worth noting that when Mr Gorbachev outlined his broad vision of Asia, he made scant mention of the volatile Korean peninsula -- an omission more than compensated by a deed which must have been noticed by China. The occasion was the 25th anniversary of the signing of the treaty of friendship with North Korea; both China and the Soviet Union sent high-level delegations to Pyongyang for the occasion. Moscow was to have despatched Mr Andrey Gromyko but at the last moment, only a candidate member of the Politburo led the team.

China, on the other hand, sent one of its new Politburo members, Mr Tian Jiyun. The downgrading of the Soviet delegation must be viewed as a message to Beijing rather than Pyongyang, indicating that the Soviet Union is less keen in competing over North Korea as part of an overall gesture of friendliness towards China. Such reading between the lines is a function of the secrecy surrounding delicate maneuvering between communist powers.

As if to reciprocate, the Chinese have quietly suggested to the Khmer Rouge that it reduce its forces. The political implication is that a reduced Khmer Rouge participation in the Three-faction coalition would not only gain more credibility for the coalition but would make it easier to reach a political solution that involves the Vietnamese, their puppet regime of Heng Samrin, and their Soviet backers.

Vietnam's occupation of Kampuchea is one of the three obstacles China sees in the way of normalising the Sino-Soviet relationship. While Mr Gorbachev refrained from mentioning Vietnam in his Vladivostok speech, the Chinese appear to have taken steps to make this less of an obstacle. The Khmer Rouge have rejected the Chinese overture, but they rely heavily on China for support in their guerilla war against the Vietnamese, and sooner or later they will have to listen. It is common knowledge that the Khmer Rouge's notorious leader, Pol Pot, was finally removed, not by pressure from other countries or from Prince Norodom Sihanouk, but by persuasion from China.

These moves are only the start of a long process aimed at better ties between the two giants. While in themselves they do not warrant a reassessment of Sino-Soviet relationship, the signs are there. Something is happening in Asia, and its implications will be profound.

BEIJING'S NEWSMEN CALL FOR RELAXED CONTROLS

HK081426 Hong Kong TA KUNG PAO in Chinese 7 Aug 86 p 1

[Special Dispatch from Beijing: "Beijing's Journalism Circles Propose That News Reports Should Also Be United"]

[Text] Beijing, 6 Aug -- Some journalism units in Beijing advocated that a relaxed and harmonious environment should also be brought about in journalism and propaganda work. This opinion was aired at a forum held by some Beijing journalism units late last month. ZHONGGUO BAOKAN BAO today carried a report about this forum.

Tao Kai, chief of the editorial department of GUANGMING RIBAO, said that in order to really make the newspapers an "organ" of the party and the people, we must never have misgivings caused by the previous guideline of "taking class struggle as they key link" and by the previous practice of "mass criticism." We must also have a relaxed and harmonious political environment which is favorable to "letting a hundred schools of thought contend." Sun Zhiba, deputy editor-in-chief of the political work department of JIEFANGJUN BAO, said that to have a relaxed environment, the leading organs should first relax their control over the reports and articles which are to be published by newspapers. In particular, they should allow those reflecting the dark side to be published. In the past, the dark side could only be reported in a positive way. In fact, many opinions aired by the masses are correct and many explorations in reform are of significance. Mass media should duely reflect these things. Chen Da, chief of the Science and Education Department of BEIJING RIBAO, said that to bring about a relaxed and harmonious environment, leading organs should not excessively meddle in the affairs of the newspapers. Zheng Xiuman, deputy chief of the Political and Cultural Department of NONGMIN RIBAO, said that we hope that our "mothers-in-law" will be more broad-minded, and we ourselves should not impose too many restrictions on our own work. [paragraph continues]

Newspapers should be more vivid, and journalists should not always cherish some misgivings, Huang Huachang, deputy chief of the theory department of BEIJING RIBAO, said that in a previous period, the critical articles in some newspapers used some extremist wording and looked like the "mass criticism" articles during the Cultural Revolution, and this should be avoided henceforth.

Wang Furu, deputy director of the Information Bureau of the CPC Central Propaganda Department, said that the relaxed and harmonious environment was a tool used for the purpose of changing the previous leftist practice in some fields, so we should have a correct understanding about it. He said: To create a relaxed and harmonious situation, the leading organs will study how to manage newspapers and journals in a scientific way, how to offer "autonomy" to these journalism organs and prevent overly rigid control over them. Newspapers and journals should also make active explorations in light of the spirit of creating a relaxed and harmonious environment and should gradually adapt themselves to this requirement. We still lack experience in this regard, so it is hoped that we will all begin to seek the new way.

JOURNAL CITED ON REFORM OF POLITICAL STRUCTURE

HK070931 Hong Kong TA KUNG PAO in Chinese 7 Aug 86 p 3

["Special dispatch" from Beijing on 6 August: "Beijing Journal Discusses Reform of the Political Structure, Pointing Out That Its Essence Is Democratization"]

[Text] In its latest issue ZHONGGUO SHEHUI KEXUE ZAZHI (CHINA SOCIAL SCIENCES JOURNAL) carries a roundup of the reform of the political structure. The roundup says that the status of the reform of the political structure in the overall reform, its relationship with the reform of the economic structure, and the essence and fundamental objective of the political reform have been regarded as touching upon the scale and essence of the current reform and that we should take this as a starting point in considering China's overall reform.

The roundup holds that it is far from sufficient to merely sum up the entire contents of the reform as the reform of the economic structure. Reforms in socialist countries should include economic, political, legal, social, educational, and scientific and technological structures. It is the same with modernization. We should have not only the modernization of industry, agriculture, science and technology, and national defense, but also the modernization of politics, culture, our way of life, our mode of thinking, ideas, and concepts. We should not take it for granted that so long as the reform of the economic structure is carried out well, the reforms of the political structure and other fields will be automatically completed. If the reform of the economic structure is not supported by the simultaneous development of reform of the political structure, it will be impossible to carry out the former well.

The roundup says: The fundamental objective of restructing China's political structure is to build a high degree of socialist democracy. Therefore, the essence of the reform of the political structure is democratization; the process of reform is one of democratization. And, in an effort to build a high degree of socialist democracy, it is necessary to adopt a series of measures in terms of the organization system, to institutionalize and codify democracy into laws, and to improve the restrictive mechanism of the relevant state political power. A crucial issue for the restrictive mechanism is how to effectively ensure the basic democratic rights of the people. [paragraph continues]

These democratic rights include not only the right to freely air one's views but, what is more important, political participation, namely, the right to understand, supervise, and manage political affairs.

The roundup also holds: The serious defects in China's political structure are imperfect supervisory functions and restrictive mechanisms. The structure of political power is like a machine. If it lacks supervisory and restrictive functions, it is like a machine without a brake and the machine cannot function properly. The roundup suggests that, in order to solve this problem, it is necessary to set up administrative supervisory and procuratorial systems to curb unlawful administrative practices. The establishment of a complete administrative procuratorial system and administrative procuratorial organ is an important task in the reform of the political structure.

CPC SECRETARIAT HOLDS POLITICAL REFORM MEETING

HK130509 Hong Kong SOUTH CHINA MORNING POST in English 13 Aug 86 p 6

[By David Chen]

[Text] The Secretariat of the Chinese Communist Party has set up a working group made up of younger members of the party centre to look into political reforms. Heading the group is 56-year-old Mr Hu Qili, generally regarded as successor to Mr Hu Yaobang as the party's General Secretary. Assisting him is another rising star, 50-year-old Wang Zhaoguo, formerly a factory sub-manager in Wuhan and later a first secretary of the Communist Youth League, who now works with Mr Hu in the Secretariat.

The head of the party Central Committee Propaganda Department, Mr Zhu Houze, has also been holding a series of meetings in preparation for the reforms and one of the most respected veterans, 66-year-old Mr Xiang Nan, former head of Fujian province, is to look after the theoretical side. All of them are former members of the Communist Youth League, the youtn branch of the Communist Party started during the Yenan days and for a long time headed by Mr Hu Yaobang.

The initial results of these activities were a series of articles and meetings throughout the country on the need to look into the political structure of the country.

The planned reforms have not come too soon, explained a very senior communist member stationed in Hong Kong. The success of rural reform and subsequent urban reform has gone a long way towards improving the livelihood of the people.

While it is true that there were some ill effects after the open door policy and structural reforms, the achievements far outweigh the detrimental side-effects they have brought.

Severe measures have been taken to redress the ill effects: punishments meted out to wrong-doers and economic criminals who capitalised on the reforms for their personal gains.

By and large, the reforms have proceeded along an expected path, but the senior member said the stage was reached when well-meaning reforms are meeting severe obstacles, principally from the bureaucracy.

Unless this is tackled, the reforms could falter.

Because of this, the leadership wants to introduce political reforms, not only to remove or reduce bureaucratic hindrances, but also to devise a system which will propel the reforms to new heights.

The feverish activity on political reforms, which have dominated the headlines of the mainland press, are but one of the three main issues on the agenda of the sixth plenary session of the party Central Committee, due to take place this month or early next month.

Preparations are also under way to discuss the further elevation of what Mr Deng Xiaoping described as socialist sipritual civilisation, in other words, to inject a sense of understanding and duty to society.

To many analysts, the most interesting item, apart from political reforms which are generally rather vague to the man in the street, is personnel changes in the hieraracy. This, however, has been kept secret although it does not prevent people from speculating about the changes.

It is generally believed that there will be few changes, if any, among older members of the party even though many of them are in poor health. Mr Chen Yun, 82, the noted economist who spoke out vehemently about the malpractices by wayward party members and who was most critical about the pace of certain reforms, is said to be resting in Hangzhou, his home town.

Mr Li Xiannian, the President, is believed to be still in a Beijing hospital recuperating from a cold and complications contracted a few months ago.

However, Mr Deng Xiaoping is still robust in health and enjoying a summer vacation with his family in Beidaihe, the summer seaside resort on the shore of Bohai, a few hundred kilometres east of Beijing.

So is the Prime Minister, Mr Zhao Ziyang, who was pictured in the latest issue of the overseas edition of OUTLOOK playing with his grand-children.

Mr Hu Yaobang is also included in the magazine, indicating that leaders are enjoying a leisurely spell before what could be one of the busiest and most eventful sessions of the party.

CYL MAGAZINE URGES REFORM IN POLICY MAKING

HK130420 Hong Kong MING PAO in Chinese 12 Aug 86 p 16

[Report by Guangdong's XIWANG reporter Li Kiang: "HUANGJIN SHIDAI Carries a Penetrating Article Urging the Party Central Committee To Reform the Political Structure"]

[Text] Mainland China's magazine HUANGJIN SHIDA [GOLDEN AGE] recently published an article entitled "China's Policy-making System, Is Facing the Challenge of Reform" in it new column "Discussion on National Affairs." [paragraph continues]

The article frankly criticized the phenomena that some leaders do not base their policy decisions on a scientific foundation, and satirically described the current policy-making system as a "black box" which the people cannot see throught but can only blindly follow.

The article said that a science of policy-making should be established and the local policy-making institutions should be able to implement the central policies in a creative way and should overcome the mentality of passively "waiting for, relying on, and asking for" central policies. Many people among cadres at various levels in mainland China still hold that policy-making is solely the concerns of the central authorities and the policy institutions are only responsible for implementing rather than making polices. So if a new problem appears beyond the scope of the central policies, the localities may be at a loss what to do and just let things drift; however when the central authorities lay down a policy; the localities will tend to carry out this policy in an arbitrarily uniform way without regard to their local special conditions and thus turn central policies into rigid dogmas.

The article said that some decision-makers in higher authority do not trust their subordinate organs and fear they may arouse trouble. They do not even devolve the power to formulate concrete policies to their subordinate organs. As a result, the creativity of the departments at a lower level is suppressed. Therefore, it is necessary to change the situation in which local governments can only implement state policies and have no rights to participate in their policy-making procedures, and it is necessary to give more policy-making powers to local authorities.

The article also stressed that it is no necessary to discreetly assess and evaluate the current policies at various levels, and this is an important way to ensure the formulation of correct policies and to prevent major policy mistake. For a long time in the past, there was a vulgar idea among cadres and theoretical workers in Mainland China. It seemed to them that current policies should only be understood and put into practice unconditionally and need not be criticized, analyzed, assessed, or supervised. As a result, people could not promptly perceive mistakes in the formulation and implementation of the current policies; even if the problems were perceived, people could not boldly point them out but just helplessly observed the adverse consequences. If a person was bold enough to criticize a current policy and convey his opinion to the upper authorities, he might be regarded as "not keeping his position in line with the central leadership." This rigid state of affairs is extremely unfavorable to China's modernization process. It is now time to get rid to such mental shackles!

"Discussion on National Affairs" is a most important column of the magazine HUANGJIN SHIDAI which serves the purpose of reform. It is a comprehensive magazine run by the CYL system. In the past, this magazine seldom handled any sensitive subjects, but this time, it unexpectedly and boldly broke the closed thinking pattern to create such a "sensitive column." This shows that young people in the open areas have gradually changed their "cold feelings" toward political affairs, and also shows that "all-embracing reform" and "explosions in the depth of people's thinking" are no longer empty slogans in China.

In China, people are no longer discussing reform merely on private occasions. Such discussions have been made public. The fact that HUANGJIN SHIDAI took the lead in publishing this article and set up the "Discussion on National Affairs" column also shows that a more relaxed political environment and a more democratic atmosphere have appeared in Mainland China and that journal and newspaper editors have begun to free themselves from the backward peasant-style thinking methods and begun to promote reform with the high enthusiasm in keeping with the times.

MING PAO ON CENTRAL PARTY SCHOOL'S DISCUSSIONS

HK130135 Hong Kong MING PAO in Chinese 12 Aug 86 p 7

["Special Dispatch" from Beijing: "Discussion of Central Party School Shows the Focus of the Reform of the Political Structure Lies in the Division of Work Between the Party and Government"]

[Text] The news that several hundred teachers and students of the CPC Central Party School started a discussion last month on the theory of the political structural reform has attracted widespread attention. It is believed that this is very important news demonstrating that the time for political structural reform will come soon.

In this school, responsible for training and sending senior cadres to the party and government organizations, a considerable number of the teachers and students have showed great interest in the discussion. By adopting methods like placing restrictions on boarding and lodging, requiring the submission of treatises, and so on, the organizers of the discussion tried hard to reduce the number of participants.

The topics for discussion directly referred to the relations between the party and government and touched upon many of the most sensitive issues of the political structural reform, such as what the functions of the party at this stage should be, how to straighten out the relations between the party and government in reality, and what to do next to change the organizational pattern of the party.

This discussion was started with the support of the senior leaders of the Central Party School; and the opening ceremony of the discussion was attended by two deputy heads of the school. Units like the CPC Central Organization Department, Ministry of Justice, the Academy of Social Science of China, and so on, all sent representatives to attend the discussion.

In response to questions by the editor-in-chief of "NEWSWEEK" during his visit to Yugoslavia Zhao Ziyang said: "With the overall unfolding of the economic structural reform, the functions of the government will also change; the government structure and the cadre system must be reformed in a step-by-step way. With no changes in this aspect, it will be impossible to suit the needs of the economic structural reform." The residents in Beijing generally believe that the time for a political structural reform will come soon. It is even rumored that a plan for a political structural reform, which is now being drafted, will be submitted to a plenary session of the CPC Central Committee which will be called in October.

According to a research report submitted by Beijing Municipality, the fundamental principles of the political structural reform are: First instituting decentralization and then streamlining administration; first changing functions then reforming organizations; first restructuring the government systems then the party systems; first restructuring the economic departments then the non-economic departments; first establishing the new then destroying the old; and first setting up experimental units then spreading the experiences.

This research report maintains that the works which should be carried out immediately are:

First, under the condition of basically making no changes to the organizational setups, to carry out an overall investigation and readjustment of the functions of the existing organizations in an effort to resolve the issue of unclear functions.

Second, to consolidate the existing provisional organizations in a step-by-step way. With economic management becoming more and more complicated, some new issues falling out of the management purview of the established organizations or falling into the management purview of numerous organizations would surely arise. We must lay down a set of methods to deal with these issues.

Third, to gradually change the work style of the party and government organs. The decisions concerning the important issues can be made only after sufficient investigation and study and examination and discussion of the plans.

Fourth, to carry out investigation and study of the system of personnel cadres and begin to set up the systems of examination, appointment, promotion, training, and deployment of cadres.

Fifth, to carry on the works of studying, proving, revising and supplementing the general plan for the organizational reform.

JOURNAL CITED ON LIMITING ADMINISTRATIVE POWER

HK111256 Hong Kong WEN WEI PO in Chinese 7 Aug 86 p 17

["Exploration" column: "Administrative Power Should Be Restricted" -- "Excerpts from 'China's Political Structural Reform and the Development of Political Science' carried in ZHONGGUO SHEHUI KEXUE [CHINA SOCIAL SCIENCES]"]

[Text] Deng Xiaoping pointed out: "To eradicate privilage, we must solve both the ideological problems involved and problems relating to rules and regulations." By "solving problems relating to rules and regulations," we mean that it is necessary to establish a complete set of legal systems for exercising external supervision and restrictions on political power so that those taking advantage of their positions to seek personal gain will not be able to hide from public notice. It is believed that a serious defect in China's political structure is its imperfect supervisory functions and restrictive mechanisms. The structure of political power is like a machine. If it lacks supervisory functions and restrictive mechanisms, it is like a machine without brakes and the machine cannot function properly. It now seems that this problem must be solved.

To reform China's political structure, we need democratic supervision and restrictive mechanisms. However, the restrictive mechanisms are not mysterious and their establishment is not without rules to go by. If we leaf through the works on political science, we can see everywhere written constitutions, rights bills, power-sharing systems, and administrative legislation. We can use them for reference but we should not copy them mechanically.

1. It Is Necessary To Ensure the Democratic Rights of the People and To Bring Into Play the Supervisory Role of the People

Ours is a socialist state. The sovereignty of the state belongs to the people. Supervision refers, first of all, to the supervision of the masses, restrictions refer to those maintained by the sovereigns on the operators of the political power. Deng Xiaoping pointed out: "There must be a system of mass supervision so that the masses at large and the party rank and file can supervise the cadres, especially the leading cadres.

The people have the right to expose, accuse, impeach, replace, and recall, according to law, all those who seek personal privileges and refuse to change their ways despite criticism and education. The people have the right to demand that these people pay for what they have unlawfully taken and that they be punished according to law or through disciplinary measures." In freedom of speech, it is especially necessary to stress freedom of academic discussion. In the academic and theoretical circles, some people always want to separate academic issues from political ones, thinking it possible, in this way, to avoid political criticism and crossfire arising from academic issues. In fact, we should have freedom of discussion not only in academic but also in political issues so long as they are conducted under the guidance of the four basic principles and within the limits permitted by the Constitution and the law. Moreover, newspapers, magazines, radio, and television are important mass media and are an indispensable component part of supervision and of restrictive mechanisms. It is believed that, in the past, the mass media played an effective role in reflecting the voice of the masses and in exposing and denouncing the unlawful encroachments upon power so that those who have committed crimes or made mistakes have been held in check. In the future overall reform, it is necessary to further expand its scope of activities and to bring into full play its supervisory and restrictive role. Some people believe that the kernel of democracy is not only freedom of speech but, what is more important, political participation, that is, the rights to understand, supervise, and manage political affairs. The question of how to enable the masses to properly exercise these rights has yet to be further studied.

2. It Is Necessary To Further Improve and Strengthen the Work of People's Congresses at All Levels and To Bring Into Full Play Their Proper Role in Supervising and Restricting Administrative and Judicial Powers

It is necessary for the people's congresses and their permanent bodies to further strengthen the work of addressing inquiries to the state organs on matters under discussion and examination. They should also conscientiously exercise, within their own jurisdiction, the rights to elect, appoint, assess, reward, punish, impeach, or dismiss cadres. Some people point out that in order to enable the people's congresses to fully exercise the rights laid down in the Constitution, it is necessary to strengthen their independence in exercising their sovereign rights. The deputies to the people's congresses should be directly responsible to their voters. The immunity of the deputies should be effectively guaranteed according to the Constitution.

3. It is Necessary To Define the Principle of Judicial Independence, To Effectively Ensure the Universality, Equality, and Impartiality of the Law in Its Application, and to Safeguard the Dignity of the Judicial Organs

Some people point out that in order to safeguard the dignity of the legal system, it is insufficient to emphasize that judicial personnel should have the spirit of sacrificing their lives for the implementation of the law. A more fundamental method of solution is the institution of a permanent system of judges [fa guan chang ren zhi 3127 1351 1603 0117 0455].

4. It is Necessary to Establish an Administrative Supervisory and Procedural System To Strengthen Legal Supervision Over Administrative Violation

Following the increasingly complicated state functions and activities, the traditional supervisory systems, such as the separation of the legistlative, executive, and the judicial functions of a government and the method of checking or restrictions, seem to have failed to suit the needs. [paragraph continues]

Some people point out that many countries in the world have set up independent administrative supervisory bodies. For example, Switzerland has set up a judicial supervisory commissioner's office in the Federal Assembly which, on behalf of the assembly, supervises the executive and judicial organs and is responsible for investigating and handling cases which have brought about unjust consequences to the appellants. This measure alone has succeeded in checking those violating laws and discipline. It has been adopted by more than 20 countries in the world. It seems that our country may set up a surpervisory ministry, a state discipline inspection commission, or a state supervisory commission to undertake the task of exercising administration supervision.

There are numerous patterns of administrative procedures [xing zheng su song mo shi 5887 2398 6083 6075 2875 1709] in the world. For example, France has set up an administative court under the administrative department. We can use these patterns for reference but we should not copy them mechanically. We should proceed from our practical conditions and establish an administrative procedural system with Chinese characteristics.

5. It Is Necessary To Promote Inner-Party Democracy To Strengthen the Party, and To Uphold and Improve the Leadership of the Party

The Communist Party is a party in power. Many of those who take advantage of their positions to seek personal gain and who violate laws and discipline are people in power. Therefore, relying on internal supervision, rectification of an incorrect work style, and discipline inspection alone sometimes fails to solve all the problems. This shows that it is entirely necessary to set up a certain external supervisory mechanism. Those who have violated party discipline should be given disciplinary action within the party. However, party discipline cannot supplant the law. Those who have violated the Constitution and the law should be accused and punished according to legal proceedings.

DAILY REPORT

China

Vol I No 157 14 August 1986

Effective 18 August the "Hong Kong Media on China" section of the China Daily Report will be renamed "Hong Kong & Macao." It will contain items on Hong Kong and Macao from all sources. Hong Kong media will, henceforth, be treated like all other sources, i.e., items from Hong Kong media will be published in whatever section they concern.

Daily Report Managing Editor

PRC INTERNATIONAL AFFAIRS

GENERAL

Disarmament Requires Sincerity of Superpowers [RENMIN RIBAO 8 Aug] A 1
RENMIN RIBAO on S. African, South Korean Regimes [12 Aug] A 1
JINGJI RIBAO Discusses New Multifiber Agreement [6 Aug] A 2

UNITED STATES

Reagan Optimistic on U.S.-USSR Summit Prospects B 1

NORTHEAST ASIA

DPRK Editorial Decries ROK Leader's Talks Call D 1
DPRK North Pyongan Art Troupe Performs in Liaoning D 1
DPRK Provincial Light Industrial Team Visits Jilin D 1

SOUTHEAST ASIA & PACIFIC

Zhao Greets Malaysia's Mahathir on Reelection E 1
Wu Xueqian Greets Malaysian Counterpart E 1
Gu Mu Meets Singapore Philosophy Institute Group E 1

SOUTH ASIA

Afghan Guerrilla Leader on USSR Withdrawal Offer F 1
India Launches $3-Billion Birth Control Campaign [CHINA DAILY 14 Aug] F 1

EASTERN EUROPE

PRC Discussing Cooperation With Eastern Europe [CHINA DAILY 14 Aug] H 1

MIDDLE EAST & AFRICA

Radio Beijing Reports on Tutu's Visit to PRC I 1

PRC NATIONAL AFFAIRS

RENMIN RIBAO Urges Correcting Party Style [6 Aug] K 1
WEN ZHAI BAO Criticizes Term 'Fighting Force' [7 Aug] K 2
WEN ZHAI BAO Urges End to Life-Long Cadre Tenure [7 Aug] K 3
Shenhua Company Abuses Sports Sponsorship [RENMIN RIBAO 6 Aug] K 4
    RENMIN RIBAO Commentator's Article [6 Aug] K 5
Role Playing Illustrates Rural Development [CHINA DAILY 14 Aug] K 5
Land Administration Bureau Set Up 1 Aug [RENMIN RIBAO 5 Aug] K 6
Du Runsheng Issues Agricultural Development Plan [CHINA DAILY 14 Aug] K 7
National Forums Study Civilized Villages, Towns K 8
    Forum Opens in Baoding [HEBEI RIBAO 26 Jul] K 8
    Forum Convenes in Shandong K 9
Statistics Board Formulates Development Strategy K 9
Fei Xiaotong Discusses Development of Northwest K 10
Zhu Houze Encourages Raising of Cultural Level [CHINA DAILY 11 Aug] K 11
'Delayed' Book by Wang Ruoshui To Come Out 14 Aug [CHINA DAILY 12 Aug] K 13
PLA Meeting on Army Schools Convenes in Harbin K 14
BAN YUE TAN on Strategic Changes Within PLA [25 Jul] K 14
GUANGMING RIBAO on Labor Force Market [2 Aug] K 16
Success Reported in Training Cadres Nationwide K 19
Export Earnings Chart $13.5 Billion in 6 Months K 19
Economists Urge Better Consumer Product Quality K 20
Auditing Units Enforce Laws, Recover Funds K 21
Deng Liqun, Wang Zhaoguo at Earthquake Concert [HEBEI RIBAO 30 Jul] K 21

PRC REGIONAL AFFAIRS

EAST REGION

Rural Service Network Benefits Jiangsu Peasants O 1
Jiangxi Vice Governor Speaks on Economic Crime O 1
Shandong Government Holds Forum on Crop Farming O 3

CENTRAL-SOUTH REGION

Shantou Special Zone Leading Body Reshuffled P 1
Henan Warns Against Price Hikes for Cement P 1
Bankruptcy Warning Saves Hubei Factory P 2
Hubei Deals With Criminal Cases Involving Grain P 2
Mao Zhiyong at Hunan Conference of Liaison Men P 3
Hunan Grain Production Fund To Raise Output P 4

SOUTHWEST REGION

Sichuan Conference on Industry, Communications Q 1
Official Urges Developing Education in Xizang Q 1

NORTH REGION

Nei Monggol Holds Economic Inspection Conference R 1
Tianjin Discipline Inspection Conference Ends R 1
[TIANJIN RIBAO 1 Aug]

NORTHEAST REGION

Heilongjiang City Punishes 29 Party Cadres S 1
Liaoning Reports Decline in Individual Economy S 1
[LIAONING RIBAO 3 Aug]
Liaoning Secretary at Emergency Antiflood Meeting S 2
[LIAONING RIBAO 2 Aug]
Liaoning Meeting on Rectifying Party Style S 3
[LIAONING RIBAO 20 Jul]

NORTHWEST REGION

Gansu Radio on Political Role of Retired Cadres T 1
Qinghai Meeting Urges Developing Haixi Region T 1

TAIWAN

Chiang Ching-kuo Letter to Deng Xiaoping Denied V 1
[KYODO]
Foreign Exchange Needs Effective Utilization V 1
MOF To Offer Tax Credits to Foreign Firms V 2
Commentary Favors Outcome of Talks With U.S. V 2
CHINA POST on Trade Negotiations With U.S. V 3
[10 Aug]

HONG KONG MEDIA ON CHINA

New Wang Ruoshui Book on Humanism Published W 1
[HSIN WAN PAO 11 Aug]
'Serious Doubts' Over Taiwan Reunification Offer W 1
[SOUTH CHINA MORNING POST 12 Aug]
Hong Kong Academics Visit PRC Satellite Center W 3
[TA KUNG PAO 11 Aug]
Article Describes Center W 4
[TA KUNG PAO 11 Aug]
ZHONGGUO TONGXUN SHE on U.S. Trade Pressure on Taiwan W 6
Troop Withdrawal From MPR 'First Test' for USSR W 7
[WEN WEI PO 11 Aug]

GENERAL

DISARMAMENT REQUIRES SINCERITY OF SUPERPOWERS

HK130137 Beijing RENMIN RIBAO in Chinese 8 Aug 86 p 6

["Jottings" by Liu Ban: "An Invitation That Is Significant and Worth Pondering"]

[Text] "Before my arrival in Hiroshima, I thought I knew about atom bombs, but now I must say I really know about atom bombs only after coming here." This was stated by South African Bishop Desmond Tutu, a Nobel prize winner, on 6 August in Hiroshima when he attended the activities marking the 41st anniversary of an atom bomb being dropped on Hiroshima. This statement expresses the feeling of those who have witnessed the miseries brought to the innocent people of Hiroshima by the atomic bomb. They call on the people of the world to see clearly the dangers of a nuclear war and to fight for world peace.

The name of Hiroshima has enlightened a great number of people. In the past it was a synonym for nuclear calamity, and now it represents the powerful voice of the world people who are opposed to nuclear war and are fighting for peace.

On the occasion of marking the 41st anniversary of the bombing of Hiroshima, mayor of the city Araki again called on the heads of state of the United States and the Soviet Union to hold talks on nuclear disarmament in Hiroshima, the place where the first atom bomb was dropped. Mayor Araki himself was an eyewitness to the tragedy in Hiroshima. When the first atom bomb exploded 3.5 km away from him, he was 29 years old. For many years, Mayor Araki has consistently devoted himself to the cause of turning Hiroshima into a "sacred place of peace."

The invitation is, no doubt, significant and worth pondering. "At the crucial moment of choosing peace and self-destruction in the world of today" (dictum of Javier Perez de Cuellar), the sincerity of the superpowers, which possess an immense amount of destructive nuclear weapons, for disarmament and peace will be tested. The place for holding talks is less important, what is important is sincerity.

RENMIN RIBAO ON S. AFRICAN, SOUTH KOREAN REGIMES

HK131110 Beijing RENMIN RIBAO in Chinese 12 Aug 86 p 6

["Jottings" by Rong Jiu: "A Pair Who Are Fierce of Mien but Faint of Heart"]

[Text] On 8 August, South African troops detained Winnie Mandela, a well-known black woman activist, for 45 minutes in Soweto in order to prevent her from investigating their activities in black schools.

The South African authorities went so far as to employ their troops to deal with a black woman. It seemed that if Winnie Mandela was detained, she would not know the evil deeds that their troops committed in black schools. Does this show that the South African authorities are strong or weak, wise or foolish? The answer is self-evident.

What a striking parallel! In Asia, the South Korean authorities have time and again called out police and troops to put democratic figure Kim Tae-chung under house arrest. It has been estimated that since Kim Tae-chung returned to South Korea from the United States in February last year, he has been placed under house arrest 28 times, an average of twice a month. [paragraph continues]

The latest took place on 25 July. On that day, the South Korean authorities called out 400 policemen to surround Kim Tae-chung's house in order to stop him from taking part in a mass rally on "amending the Constitution." Does this show self-confidence or cowardliness by the South Korean authorities? Can the influence of Kim Tae-chung be "put under house arrest?" The answer is also self-evident.

It seems that the South African and South Korean authorities will certainly continue with their doings. Because they do not enjoy popular support, they always suspect danger at the slightest sound. Therefore, every act of a bare-handed woman and a frail democratic figure is regarded as a threat to the domination of the two regimes so that they are violently suppressed. It is well put to say that such regimes look tough but are really weak inside.

JINGJI RIBAO DISCUSSES NEW MULTIFIBER AGREEMENT

HK121222 Beijing JINGJI RIBAO in Chinese 6 Aug 86 p 2

["Commentary From Geneva" by reporter Li Zhiliang: "Free Trade or Trade Protectionism -- On the Fourth International Textile Agreement"]

[Text] On 1 August, the day before the third international textile trade agreement (the Multifiber Arrangement) was due to expire, the GATT Textiles Committee concluded another meeting and approved the agreement's third protocol on extension, thus introducing a fourth textiles agreement.

As a result of the unremitting efforts and struggle of various developing countries, the new agreement shows some improvements in a few areas. However, generally speaking, no progress has been made in removing the restrictions on and the obstacles to textile trade or in encouraging free trade. In fact, certain aspects of trade protectionism have been encouraged.

First, regarding the range of products, covered by the agreement, in addition to various cotton, woolen, artificial fiber, and synthetic fiber products and blends, the new agreement also covers silk, ramie, and flax products. This means that restrictions are imposed on almost all textile products.

Second, the new agreement acknowledges that the adverse effects of an increase in the import of a certain type of products on other types of products can contribute to "disrupting the market." Thus, it gives importing countries a rationale for extending the restrictions on the import of a certain type of products to the import of other types of products.

Third, according to the old agreement, before an agreement is reached between an exporting country and an importing country, the latter can impose restrictions for 12 months. However, according to the new agreement, under certain circumstances, the importing country can unilaterally extend this period to 24 months.

Obviously, all this runs counter to the principle of free trade and the basic purpose of the textile agreement. This is just another glaring example of how various developed countries, the United States in particular, are practicing trade protectionism.

On the basis of the "international long-term cotton textiles agreement," which was signed in 1962, the arrangement regarding international trade in textiles was signed to extend the restrictions on various types of products to various types of fibers. This is also known as the "Multifiber Arrangement."

The first textiles agreement was signed in 1973 and put into effect in 1974. It was extended twice, once in 1978 and once in 1982. The present number of the arrangement's contracting parties is 43. In 1984, the total volume of their textile exports was 88.6 billion, which accounted for 88 percent of the total volume of the world's textile exports.

Although it is clearly stated in the arrangement that its purpose is to "ensure the development of textile trade, particularly the development of the textile trade conducted by developing countries, gradually remove the barriers to textile trade, liberalize world trade, and prevent production and the markets of the importing and exporting countries from being disrupted," as revealed in a comprehensive survey conducted in 1984 by a textiles supervisory organ on how the arrangement had been implemented, "since the arrangement went into effect, almost all the restrictions imposed in accordance with the arrangement have been imposed on developing countries" and "little or no progress has been made in removing trade barriers or in gradually liberalizing trade." The arrangement covers a wider range of products each day. Its terms are becoming increasingly strict and the number of devices employed by various countries is also growing. In implementing the arrangement, under the pretext of various "special circumstances," the textile importing countries discriminate against the textile exporting countries, thus making them suffer heavy economic losses.

Since the arrangement was negotiated, various developing countries have been combating various forms of protectionism and resisting the unfair system governing the international textiles trade. The Chinese delegation participating in the meeting of the textiles committee (China became a contracting party of the Multifiber Arrangement on 18 January 1984) sided with various developing countries in criticizing the United States and other countries for adopting protectionist measures. It was "disappointed" at the outcome of the meeting and has reservations on the imposition of restrictions on a wider range of products. Some participants observed that on the one hand, the United States and some other countries had called for the liberalization of trade at the latest round of multilateral trade talks, while on the other, they advocated that trade protectionism be given expression in the textile agreement. People cannot help asking: What do they want?

REAGAN OPTIMISTIC ON U.S.-USSR SUMMIT PROSPECTS

OW130902 Beijing XINHUA in English 0656 GMT 13 Aug 86

[Text] Washington, August 12 (XINHUA) -- U.S. President Ronald Reagan said today he is optimistic about the prospects for the next U.S.-Soviet summit meeting, but denied that he offered to delay deployment of his "star wars program" in his letter to Soviet leader Mikhail Gorbachev.

At a nationally televised press conference in Chicago, where Reagan is campaigning for Republican candidates, he said he is looking forward to a meeting with Gorbachev at which "we are going to make more progress than probably has been made in a number of years because of some of the problems that are concerning" the Soviet leadership.

However, he said, he has not yet received a reply from the Soviet leader to his counterproposals on arms control and is now waiting for report from the U.S. arms negotiators, who have just concluded two days of talks with Soviet officials in Moscow.

While refusing to reveal the contents of his letter sent to Gorbachev on July 25, Reagan said reports that he has proposed "delaying our Strategic Defense Initiative (SDI)" are untrue.

In Moscow today, chief Soviet Foreign Ministry spokesman Gennadiy Gerasimov said that Reagan's SDI program remained a major obstacle to a new agreement on arms control and denounced Reagan's statements that he is not willing to bargain over SDI.

Reagan, who came to Illinois, his native state, on a one-day campaign tour, also defended U.S. opposition sanctions against South Africa. He said that "punitive actions would not only be disruptive to surrounding states but also be very punitive to people we want to help."

The push for stiff trade sanctions against the white minority government in Pretoria on U.S. Capitol Hill by both Democrats and Republicans is a mistake because "they are asking for something that would not be helpful," he asserted.

The House of Representatives has approved a total trade embargo on the Pretoria government and the Senate Foreign Relations Committee has voted 15-2 for a package of new economic sanctions.

Reagan welcomed a proposal earlier today by South African President P.W. Botha that the leaders of Western countries opposed to economic sanctions meet with his government to discuss the current situation in the country. But when asked at what point he would be willing to go beyond "friendly persuasion" to press the South African regime to give up its apartheid policies, Reagan replied that he couldn't fix a timetable for it.

DPRK EDITORIAL DECRIES ROK LEADER'S TALKS CALL

OW131706 Beijing XINHUA in English 1434 GMT 13 Aug 86

[Text] Pyongyang, August 13 (XINHUA) -- South Korea is trying to escape blame for the suspension of the North-South dialogue by claiming that it wants to resume the talks, the Korean newspaper NODONG SINMUN said in an editorial today. According to the report, South Korean "President" Chon Tu-hwan said at a press conference on August 11 that he wants to "re-open the South-North dialogue", and also called for a North-South summit to discuss the future of the Korean peninsula.

The Democratic People's Republic of Korea (DPRK) broke off poolitical and economic talks with the South on January 20 in protest against the joint U.S.-South Korean military exercises known as "Team Spirit '86", which began February 10 and lasted two months. The North also broke off the talks in January, 1985, in a similar protest.

The paper said the DPRK in June put forward a new peace proposal calling for North-South-U.S. military talks, and has made every effort to realize the proposal. Chon Tu-hwan, however, did not mention the June proposal at the press conference, which shows "he wants neither a relaxation of tension nor peace," the paper said.

DPRK'S NORTH PYONGAN ART TROUPE PERFORMS IN LIAONING

SK130756 Shenyang LIAONING RIBAO in Chinese 1 Aug 86 p 1

[Text] The performances of the North Pyongan provincial art troupe from Korea over the past few days were praised by the people of Shenyang. On the evening of 31 July, the troupe staged its last performance in Shenyang. Quan Shuren, secretary of the Liaoning Provincial CPC Committee; Li Changchun, acting provincial governor; and Bai Lichen, provincial vice governor, watched the performance. Before the performance, they met with the troupe leader Kim Chang-yong, and other major performers, and held cordial talks with them.

Quan Shuren and other comrades warmly applauded the brilliant performance of the artists. After the performance, they walked up to the stage to extend congratulations on the successful performance, presented flower baskets to the art troupe, and had a group picture taken with the Korean comrades.

The North Pyongan provincial art troupe will also visit Yingkou, Jinzhou, Fuxin, and Dandong.

DPRK PROVINCIAL LIGHT INDUSTRIAL TEAM VISITS JILIN

SK140446 Changchun Jilin Provincial Service in Mandarin 0930 GMT 13 Aug 86

[Text] At the invitation of the Jilin provincial people's government the 8-member Chagang provincial light industrial observation team from the DPRK headed by (Cho Chin-ung), chief director of the Korea Chagang Provincial Local Industrial General Bureau, arrived in Changchun on 11 August for a 10-day visit and observation. On that evening, provincial Vice Governor Liu Shulin met with and hosted a banquet in honor of all the comrades of the observation team.

During its stay in Changchun, the observation team visited the Changchun No 1 Vehicle Plant, the Changchun City Shirt Plant, the Changchun City No 1 Lock Manufacturing Plant, the Changchun Bicycle Plant, and the Changchun Light Industrial Machinery Plant. It left Changhun by train this afternoon to continue its visit in Jilin, Liaoyuan, Tonghua and other areas.

ZHAO GREETS MALAYSIA'S MAHATHIR ON REELECTION

BK131419 Beijing in Malay to Malaysia 1230 GMT 13 Aug 86

["Text" of 12 August congratulatory message by PRC Premier Zhao Ziyang to Malaysian Prime Minister Datuk Sri Dr Mahathir Mohamed]

[Text] Your Excellency Datuk Sri Dr Mahathir Mohamed, prime minister of Malaysia, Kuala Lumpur:

On behalf of the government and people of the PRC as well as myself, I extend my sincere congratulations to Your Excellency on the occasion of Your Excellency's reelection as the prime minister of Malaysia. I have noticed with joy that a new level of progress in the friendly relations and cooperation between the PRC and Malaysia has been achieved since Your Excellency's visit to the PRC in November 1985. I sincerely hope that the friendly relations and cooperation between the peoples of the two countries will be further enhanced during Your Excellency's new tenure. We wish Your Excellency good health, happiness, and more success in various undertakings. May Malaysia be prosperous and its people happy!

[Signed] Zhao Ziyang, premer of the PRC State Council

Beijing, 12 August 1986

WU XUEQIAN GREETS MALAYSIAN COUNTERPART

BK131415 Beijing in Malay to Malaysia 1230 GMT 13 Aug 86

["Text" of 12 August congratulatory message by PRC State councillor and Foreign Minister Wu Xueqian to Malaysian foreign Minister Datuk Rais Yatim]

[Text] Your Excellency Datuk Rais Yatim, the foreign minister of Malaysia, Kuala Lumpur:

I would like to extend my warm congratulations and best wishes to Your Excellency on the occasion of Your Excellency's appointment as foreign minister of Malaysia. I hope that the friendly relations and cooperation between the PRC and Malaysia will continue to grow and prosper.

[Signed] Wu Xueqian, PRC state councillor and foreign minister

Beijing, 12 August 1986

GU MU MEETS SINGAPORE PHILOSOPHY INSTITUTE GROUP

OW131134 Beijing XINHUA in English 1120 GMT 13 Aug 86

[Text] Beijing, August 13 (XINHUA] -- Gu Mu, state councillor and concurrently honorary president of the China Confucius Foundation, met and feted Pek-low Siok Ching, director of the Institute of East Asian Philosophies of Singapore, and her party at the Great Hall of the People here this evening.

The Singaporean guests arrived August 6 to discuss the holding of an international symposium on Confucianism next year in China.

AFGHAN GUERRILLA LEADER ON USSR WITHDRAWAL OFFER

OW140756 Beijing XINHUA in English 0553 GMT 14 Aug 86

[Text] Islamabad, August 13 (XINHUA) -- The military situation in Afghanistan is getting more favorable to the guerrillas, a prominent guerrilla leader said here today.

In an exclusive interview with XINHUA here this afternoon, Gulbuddin Hekmatyar, leader of the Hezb-e Party of Afghanistan, said that the entire route from the Afghanistan-Pakistan border to Logar Province, south of Kabul, is now virtually under the control of the resistance force.

He said that last year, the Soviet-Kabul troops conducted many ambushes against the guerrillas crossing Logar Province to northern Afghanistan. During the last few months, however, the guerrillas have started ambushes against their enemies.

The route in Logar Province, he said, is very important for resistance forces since it connects them in eastern and northern Afghanistan.

In July this year, a big conference of the resistance force was held at a place only 45 kilometers from the Kabul city but the Soviet-Kabul troops were unable to disrupt it, he said.

On July 25, he said, freedom fighters using surface-to-surface rockers repulsed attacks of the Soviet-Kabul troops. On the following day seven Soviet helicopters were seen transporting dead bodies to Kabul.

The military situation in other parts of Afghanistan is also getting more favorable to the resistance force. Many posts around the Herat city in western Afghanistan were destroyed by the mujahideen recently and in Qandahar city in the south, Soviet soldiers dare not walk in the streets, he said.

He described the recent Soviet announcement to pull out six regiments before the end of the year as another trick to deceive world public opinion. "This trick is also aimed at demoralising our people and deceiving them into thinking that there is another way to end the war and therefore leave the armed struggle," he said.

The Soviets have two choices, to withdraw from Afghanistan completely, promptly and unconditionally, or to send in fresh troops to prevent the present situation from getting more unfavorable to them. The mujahideen will never lay down their arms until the complete and unconditional withdrawal of the Russians, he stressed.

INDIA LAUNCHES $3-BILLION BIRTH CONTROL CAMPAIGN

HK140504 Beijing CHINA DAILY in English 14 Aug 86 p 1

[Text] New Delhi -- India, fearful of overtaking China as the world's most populous nation within the next four decades, is launching a whopping $3 billion family planning campaign that seeks to achieve in three years targets that were originally set for the turn of the century.

The reputable Washington-based Population Research Bureau had predicted that with the present population growth rate of 2.1 per cent a year -- India adds one Australia [as published] to its population every year -- its population of 1.19 billion would be more than that of China by the year 2020.

In other words, whereas China would be adding 9 million to its population each year at the growth rate of 1.1 per cent, India would be growing by 16 million annually.

Haunted by a Malthusian nightmare, the government finalized a plan recently at the behest of Premier Rajiv Gandhi who, since assuming leadership of this 780 million nation 20 months ago, has sought to introduce reforms in several key areas of public life.

Among other things, the scheme calls for raising the percentage of couples in the reproductive age group who practise one or other method of family planning from a mere 35 per cent to 42 per cent.

The birth rate is to be brought down from 33 per thousand to 29.1 per thousand and the average age of marriage for women from the present well under 20 for most states to over 20.

The scheme borrows heavily from the Chinese experience, especially in the setting up of a corps of 2 million women volunteers with each volunteer being given a constituency of 60 couples to motivate. The volunteers will be offered various incentives including the promise of regular governoment jobs.

After the backlash against family planning following forcible sterilizations during Premier Indira Gandhi's emergency rule 10 years ago, the accent in the present programme will be more on spacing of children "through education and persuasion."

Those practising the two-child norm will be made "honoured citizens" and receive incentives like old age pensions and low-premium insurance policies.

To counter the preference for sons, the government has proposed that those with two daughters will be given monetary benefits.

The policy was chalked out while keeping in mind old Indian prejudices against limiting familes. Children, especially sons, are considered a security against old age penury and given the current state of the public health system and consequent high mortality rates a large brood is seen as an insurance against sibling loss at childbirth or infancy.

"If each of the two million workers engaged in family planning could motivate one couple a fortnight, the nation would achieve more than its target," Family Welfare Minister Krishan Kumar said.

He said the $3.7 billion being spent on the programme will be cost-effective in the long run since the government spends a mere $36 on every birth averted and about $800 on the education and health of each child born.

PRC DISCUSSING COOPERATION WITH EASTERN EUROPE

HK140530 Beijing CHINA DAILY in English 14 Aug 86 p 1

[By staff reporter Wang Gangyi]

[Text] China and the East European countries have been discussing further co-operation in science and technology, an official of the International Co-Operation Bureau of the State Committee of Science and Technology told CHINA DAILY. Concrete proposals have been made, he said. "The proposals include transfer of science and technology results, co-operation in soft science and holding ot academic symposiums," the official said yesterday.

At present there are about 300 science and technology co-operation projects between China and East European countries, involving agriculture, coal mining, machine building environmental protection, water conservancy, geology, construction, food processing, railways, electronics, chemicals and meteorology. Most have taken the forms of exchanging investigation groups and joint research by corresponding institutions.

The official stressed that science and technology have developed rather rapidly in East Europe in the past 20 years, with some countries reaching advanced world levels.

"To further expand co-operation and import some advanced science and technology that China needs will benefit the country's modernization drive," be added.

Co-operation in science and technology between China and Romania, Yugoslavia, Poland, the Democratic Republic of Germany, Czechoslovakia, Hungary and Bulgaria started in the 1950s. But it was suspended during the 60s and 70s before being resumed a dozen years ago.

The official said, "China bases its co-operation with the socialist countries of Eastern Europe on the principles of equality and mutual benefit, on helping to meet each other's needs, on practical results and on emphasizing variety."

Scientific and technological links between China and East Europe got a new boost last May when State Councillor Song Jian, Chairman of the State committee of Science and Technology, visited Poland, the German Democratic Republic, Czechoslovakia and Hungary. It was the highest Chinese science and technology delegation to visit the four countries in more than 30 years. During the visit, which was described by Chinese officials as a "success," 12 co-operation documents were signed.

Co-operation in science and technology between China and the Soviet Union has also made some progress during the past few years, according to the official. Statistics provided by the International Co-Operation Bureau show that nearly 30 observastion groups were exchanged from 1982 to 1985. Areas involved included agriculture, fishing, coal mining, railways, gydropower, geology and metallurgy. "These exchanges," the official said, "have been carried out rather smoothly and have benefited both sides."

He said that a working meeting of the Science and Technology Subcommittee of the Sino-Soviet Committee on Economy, Trade, Science and Technology will be held in Moscow this October to decide 1986 exchange projects.

RADIO BEIJING REPORTS ON TUTU'S VISIT TO PRC

OW140411 Beijing in English to North America 0000 GMT 13 Aug 86

[Text] Bishop Desmond Tutu of South Africa is now on a visit to China and says he is very much impressed with Chinese people's concern about the situation in his country. Radio Beijing's Sun Changqing spoke with Bishop Tutu on Sunday in Shanghai. Here is Sun Changqing's report:

Bishop Tutu's stay in Shanghai included several meetings with Chinese religious leaders of various beliefs. he also visited a factory and the Shanghai Municipal Juvenile Reformatory and attended a church service. Expression of sympathy for his cause greeted him as he toured.

[Begin Tutu recording] It has been heartening to see the concern that people have about our situation. It seems to be a genuine concern. In the churches they say they pray for us and that sympathy from (?them in) the present situation is one that is publicized here because one or two people have said that they have seen me on television. [end recording]

South Africa's apartheid policies have provoked worldwide condemnation. Hardly a day no part in South Africa is without demonstrations, strikes, and full boycotts, which often turned violent in the face of police suppression. [sentence as heard] More than 1,400 blacks have been killed in the past [words indistinct] years. One is tempted to believe that at least the well-known Nobel Peace Prize winner must have equal rights with whites within that country.

[Begin Tutu recording] I am a black man. I get stopped at roadblocks, which is something that would not sort of happen. [as heard] I perhaps am treated slightly differently, yes. I often live in a white area without permission. I ought to be arrested but, of course, the residence of the bishop of Johannesburg is in a white residential area. I said I would live there but will not (?affront the nation). [end recording]

Bishop Tutu says the situation in South Africa is very explosive. Black people can no longer bear the racial discrimination. He says the state of emergency decree reimposed 2 months ago cannot silence the black people's cry for freedom and, worse, will only worsen the already tense situation.

[Begin Tutu recording] When you go into a black township and you see how children are treated when they go to school because there has been so much trouble in the schools -- the Army is quartered in the schools -- soldiers move around in the classrooms and... [changes thought]. Now when you take just one small thing to spark off a horrible conflagration.... [end recording]

The archbishop of Capetown says even his church services sometimes come under the gun.

[Begin Tutu recording] I was giving a service in one of our townships, and although the church was small, we held the service out of doors. In next to no time there were three (Caspers), which are armored vehicles, carrying soldiers, and they surrounded the whole church premises. And there were some white people there who came to the service, and one of them said it was a very eerie experience to hear the soldiers cocking their guns. [end recording]

Bishop Tutu is against the use of violence to change the system. To him, economic sanctions are the only peaceful means left for forcing the South African regime to give up apartheid. Even though it seems uncertain about whether a non-violent strategy can succeed, especially when British Prime Minister Margaret Thatcher and U.S. President Ronald Reagan both oppose sanctions.

[Begin Tutu recording] I was not over-impressed by what Mrs Thatcher or President Reagan do so reluctantly because they have demonstrated to us that they consider blacks to be expendable. But for them the most important thing apart from white people perhaps is profit -- they regard profit as far more important than human beings, and all of their rhetoric is so much eyewash. I mean, the expression of abhorrence of apartheid is cheap talk. [end recording]

The bishop charges that Britain and the United States are, in effect, protecting some of the most vicious racism in the world. He says those countries ought to wake up about where their long-term interests lie because South African blacks will, of course, win freedom sooner or later.

[Begin Tutu recording] See, I'm actually very angry, you know and I mean I used vicious language after President Reagan's speech. But it is because they do not know the hurt that they have caused us. It is a very deep hurt. We have been under the illusion that they really do care about freedom. [end recording]

The U.S. President's speech last month repeated his belief that economic sanctions against the Pretoria regime would mainly hurt black South Africans. Bishop Tutu denies this, saying that blacks are already suffering due to apartheid.

[Begin Tutu recording] The point is that blacks without sanctions are among the highest of the unemployed. The unemployment figure [word indistinct] very structural unemployment where apartheid by pushing blacks into the homeland locks them out of the economy and keeps them to be in oversupply of cheap labor. That is something that is done deliberately. And then much of the investment is capital-intensive and in high-technology enterprises, which means that in fact they do not employ as many black people as they would like to make out they do. [end recording]

Bishop Tutu feels that the South African regime generally fears economic sanctions. He also says an increasing number of South African whites are trying to change the apartheid system, though many still worry about what black majority rule could mean.

[Begin Tutu recording] Because they think we will treat them as they have treated us. And yet I mean if they look at what has in fact happened -- look at what has happened over there, look at what has happened over there [as heard], they are always very, very selective. They don't look at Zimbabwe. White people live quite happily in Zimbabwe. They are actually streaming back. They were those who ran away and came to South Africa. They are now going back. [end recording]

The bishop stresses that black South Africans simply want equal rights. They want to establish a free democratic country where people of different colors can live peacefully together.

RENMIN RIBAO URGES CORRECTING PARTY STYLE

HK140503 Beijing RENMIN RIBAO in Chinese 6 Aug 86 p 4

[Article by the joint investigation group of the central Discipline Inspection Commission and the Hebei Provincial Discipline Inspection Commission: "Correct Party Style, Promote Reform — Investigation in Cangzhou Prefecture"]

[Excerpts] Editor's note: How to correctly handle the relations between correcting party style and promoting reform is an important question that everybody is interested in. The practice of the Cangzhou Prefectural CPC Committee and Discipline Inspection Commission in Hebei Province has proved useful and enlightening: To regard the relationship between correcting party style and promoting reform on one hand and realize the general goal of the 12th CPC National Congress on the other, as a relationship between "two wings of the same body," and continue to "grasp it with both hands" so as to improve party style and make achievements in reform; to throw ourselves into reform, help the reformers solve their difficulties, and be a powerful backing for the reformers; to check unhealthy tendencies, handle cases resolutely and carefully, grasp policies firmly, and do painstaking work. In this way, the healthy development of the reform can be ensured and the work of correcting the party style can be further developed. These experiences of the Cangzhou Prefecture can be used by various localities. [end editor's note]

Since the 3d Plenary Session of the 11th CPC Central Committee, especially since the implementation of the policy of opening up to the outside world and enlivening the domestic economy, Hebei's Canghou Prefecture has further developed the excellent political and economic situation by making continuous efforts to improve party style and promote both reform and construction.

The Key Lies in Correctly Handling the Relations Between Party Style and Reform

On the question of how to correctly handle the relations between party style and reform, they have gradually raised their understanding through practice. In the second half of 1984, a small number of people attributed obstructions which appeared in the course of reform to rectifying unhealthy tendencies. Some even held that the unhealthy tendencies resulted from reform. This one-sided view directly affected the smooth progress of both reform and the effort to correct party style. To solve this problem, the prefectural CPC Committee further studied the spirit of relevant central documents on reform and correcting the party style and conscientiously analyzed some typical cases in light of the reality. [passage omitted]

Deal With Problems Realistically

Rectifying unhealthy tendencies is something which should be done in strict accordance with policies. From beginning to end, the commission was clear-headed and adhered to the principles of seeking truth from facts and making a concrete analysis of concrete problems, dealing with different things in differet ways in accordance with policies. [passage omitted]

They hoped that the reformers would succeed, but also allowed them to make mistakes; they helped them sum up their experiences and lessons and correct their mistakes and encouraged them to advance further. In Haixing County, there is a saltworks established with funds collected from both the county and township. In just a few years, it turned over to the state 2,200 yuan in profits and taxes. But due to management loopholes, some lawless persons stole some salt from the works and fabricated accounts in order to share the booty. These economic criminals were punished by the prefectural and county authorities according to law. But some people held that the works' leaders should also be held responsible. In view of the fact that this saltworks is the first and the largest in the county and the works' leaders had worked hard to set up the saltworks, that there were no signs that the leaders had abused their power to seek private gains, and that the imperfect system, which was made use of by lawless persons, was responsible for what happened, the prefectural CPC Committee decided to help them sum up this lesson and perfect the system.

From October 1984 to April 1985, the prefectural ammonia water station purchased 4,500 tons of urea from the Liaohe Chemical Fertilizer Plant, resulting in serious overstocking and loss. At first, some people held that this should be dealt with as an economic crime. After unifying understanding, the prefectural CPC Committee did not draw a conclusion in haste. Instead, they made three investigations and held repeated discussions of this problem. They also discussed the matter with other departments concerned. Finally, they decided that this should not be dealt with as if it were an economic crime. This is a realistic way to solve problems and convince the people.

WEN ZHAI BAO CRITICISES TERM 'FIGHTING FORCE'

HK140455 Beijing WEN ZHAI BAO in Chinese No 336, 7 Aug 86 p 6

[Article from Issue No 7 of "LILUN NEI CAN" [INTERNAL REFERENCE ON THEORY]: "On the Term 'Fighting Force'"]

[Text] An article by Liu Yifei of the party school of the Chengdu City CPC Committe says that to encapsulate the role of the party's basic-level organizations as that of a "fighting force" [zhandou baolei 2069 2435 1027 1093] is a product of the years of revolutionary war. Under the specific conditions of the time, when "everything had to serve the war" and the CPC Central Committee decided to exercise centralized leadership in every revolutionary base, this term had an air of inevitability and also played a positive role. However, it is very inappropriate in the new era of building modernization, for the following reasons:

1. It does not meet the needs of the party's political line in the new period. In order to build a powerful modern socialist state with a high degree of civilization and democracy, it is essential to carry out all-round and systematic reforms, including totally changing the defects of lack of division between party and government, replacement of the government by the party, and having the party's basic-level organizations monopolizing everything in the factories, scientific research organs, schools, and other grass-roots social organizations.

2. The elimination of "leftist" influence also requires the abolition of outdated terms. [paragraph continues]

Although politically we have resolutely discarded the erroneous guiding principle of "taking class struggle as the key link" since the 3d Plenary Session of the 11th CPC Central Committee, we have still not completely eliminated their vestiges of "leftism" contained in the term "fighting force." We have not conferred an explicit term suited to the new era on grass-roots party organizations, such as a supervisor and guarantor role, or a coordinating role, and so on.

3. Correcting the term "fighting force" is the inevitable demand of improving party leadership. Due to lack of sufficient understanding for a long time of the scientific meaning of the term "party leadership," the party organizations have been regarded as being in charge of everything by acting as power organizations that issue orders. The current major changes in the leadership system of the grass-roots social organizations have been regarded as being in charge of everything by acting as power organizations that issue orders. The current major changes in the leadership system of the grass-roots social organizations, with the responsibility systems for plant managers, institute directors, and schoolmasters as the hallmark, are bound to require that the role of the party's basic-level organizations corresponds, and that they mainly play a "guarantor and supervisor" role.

WEN ZHAI BAURGES END TO LIFE-LONG CADRE TENURE

HK140557 Beijing WEN ZHAI BAO in Chinese No 336, 7 Aug 86 p 1

[Article by Wu Minwen, "Summarized" by Xi Kun from Issue No 7 of "LINGDAO KEXUE" [SCIENCE OF LEADERSHIP]: "The Life-Long Tenure System for Cadres Is the Main Obstacle To Streamlining the Organs"]

[Text] The life-long tenure system for cadres and the system of life-long tenure of leadership posts by cadres are two categories, each with a different connotation. In recent years it could be said that the task of abolishing the system of life-long tenure of leadership posts by cadres has been partly accomplished, but the life-long tenure system for cadres which is directly related to it has not yet been touched. The so-called life-long tenure system for cadres mainly refers to the life-long tensure system for party and government cadres, that is, after a person is taken into the contingent of party and government cadres, he embraces a life-long "iron ricebowl," and no matter how well or badly he works and whether is he is competent or not, he cannot be shifted to another work post unless he seriously violates party discipline and state law. In this way, so long as various channels are continually operating, and there are none of the necessary measures and channels for imposing checks and discarding people, this closed system in which there is only an entry and no exit will inevitably act to continually swell the cadre ranks. This is beyond doubt in real and sharp contradiction with streamlining of organs and personnel. This is because the objective existence of a vast cadre force inevitably means the phenomenon of overstaffing, with posts being created for officials, and no administrative force will be able to control this permanently and effectively. Hence, in order to ensure the smooth progress of streamlining the organs, the most fundamental and effective way can only be to take drastic measures by establishing and putting on a sound basic specific an scientific systems for cadre election, appointment, term of office, examination, rotation, dismissal, transfer, demobilization, and retirement which match the principles of socialist democracy, and to totally abolish the life-long tenure system for cadres which actually exists.

SHENHUA COMPANY ABUSES SPORTS SPONSORSHIP

HK121143 Beijing RENMIN RIBAO in Chinese 6 Aug 86 p 3

[Article by TIYU ZHOUBAO reporter Wu Wuru, HUNAN RIBAO reporters Li Yigui and Ma Ning: "'Sponsoring' Competitions or 'Sponsoring' the Wallet? -- The Case of Shenhua Company Taking Advantage of the National Men's Basketball Championships To Make Money Not Yet Taken Care Of"]

[Excerpts] Social sponsorship of sports is a way to quicken the development of our sports undertaking. But at a time when people in all walks of life are devoting themselves to the cause heart and soul, a number of people in the Shenhua Integrated Economic Development Company (briefly known as the Shenhua Company herinafter), Xiangtan, Hunan Province seized an opportunity to line their own pockets. This has aroused a very bad reaction from the masses.

Last February, some people in the Shenhua company learned that the national men's basketball championships would be held in Hunan from 16 to 25 April and that the provincial Physical Culture and Sports Committee was contacting with units interested in sponsorship. After careful planning, they decided to give support to the extent of 60,000 yuan and talked with the relevant department of the provincial Physical Culture and Sports Committee. They laid down the condition that the competition be called the "Shenhua Cup." On 25 February, the Shenhua company signed an agreement with the competition affairs section of the provincial Physical Culture and Sports Committee. Actually, the Shenhua company did not have the financial means at this time to offer 60,000 yuan in support. According to data verified by the finance committee of Xiangtan City, the company showed a deficit of 10,509 yuan at the end of March and was in debt to the extent of more than 100,000 yuan.

Why was the Shenhua company, deep in debt, willing to "sponsor" the basketball competition with 60,000 yuan? It turned out that it seized on this competition as a good opportunity to make money. A responsible person of the company said bluntly: "A money-making chance has come. Why should we not make money where there is money to make?" After signing an agreement with the Hunan Provincial Physical Culture and Sports Committee, the Shenhua company directed an ugly performance in which other people were allowed to "sponsor" the company and then the company itself "sponsored" the provincial Physical Culture and Sports Committee. [passage omitted]

The fraud and the heavy spending of collective money on the part of a small number of people in the Shenhua company aroused dissatisfaction among the masses. [passage omitted] But 3 months have passed with the Shenhua company still not solemnly dealt with for its actions. In their investigations, these reporters learned that the masses of people complained greatly about this and were quick to ask the why. The facts are there for all the world to see. Why has nothing been done so far in dealing with this case?

RENMIN RIBAO Commentator's Article

HK121145 Beijing RENMIN RIBAO in Chinese 6 Aug 86 p 3

[Commentator's article: "Never Tolerate Using 'Sponsorship" as an Excuse To Make Money"

[Text] "Sponsorship" has become popular in the past few years. It is actually nothing but a matter of financing causes for the good of society, such as sports contests, artistic performances, educational undertakings, and so forth. For an enterprise to willingly provide funds in "sponsoring" these causes is called "sponsorship." As a new method for the social handling of social causes (like the social handling of sports, of literature and art, and of education), it can be described as a reform -- a change in the situation of solely relying on the backing of the state and having nowhere else to turn for required funds.

But once the new methods involved in this reform appeared, they were quickly taken over in changed versions by people with ulterior motives. One of their practices is to make simultaneous demands. "Sponsorship" is requested for this and that. Many hands reach out to enterprises for money. Where you do not "sponsor" an activity, you are also asked to render "help." You are even called upon to give money where a cause is not worth the name and is unjustified. If you do not give, you will be given a taste of the power held in their hands. This is actually turning "sponsorship" into a case of allocation and blackmail. Another practice is to seize the opportunity to make money by starting sports competitions and artistic performances. The units concerned spend not a cent, or spend very little. They rely on "sponsorship" from all sides. At the end of the relevant activities, they can even make some money. "Sponsoring" the cause is a fake. "Sponsoring" their own pockets is the truth. Another, worse practice is to resort to fraud and deception. Those in charge of particular activities build themselves up everywhere, inducing unsuspecting leadership comrades to write inscriptions and deceiving the mass media into giving publicity. Once money is in their hands, all promises are thrown into the winds. These three evil practices in "sponsorship" must be resolutely stopped. The last one especially has the most pernicious influence. The case of the Shenhua company taking advantage of a basketball competition to make money, exposed in this paper today, is an obvious act of serving private ends and must be solemnly dealt with.

Reform must be upheld. But no one is allowed to take advantage of any loophole in reform and to serve the private ends of an individual or a small group in the name of reform. Cases like that of the Shenhua company seizing on "sponsorship" as an excuse to make money should be considered entirely at odds with reform and cannot be blamed on socially handled sports and on reform. Bad things like this must be resolutely attacked. We must not hold back from taking action against an evildoer for fear of involving good people.

ROLE PLAYING ILLUSTRATES RURAL DEVELOPMENT

HK140514 Beijing CHINA DAILY in English 14 Aug 86 p 3

[By staff reporter Yuan Zhou]

[Text] More than 80 Chinese and foreign scholars are meeting in Beijing to compare notes on the latest developments in control system science and its application in social and economic policy making and planning.

Sponsored by the International Federation of Automatic Controls [IFAC], the three-day seminar, which ends today, is dealing with subjects ranging from economic planning, decision analysis, population analysis to resource management. A total of 69 papers were due to be read by the scholars from 11 countries, including China, the United States, Australia, Japan and Malaysia.

Song Jian, Minister of the State Scientific and Technological Commission, attended Tuesday's opening ceremony of the 1986 IFAC Workshop, which is also using role-playing methods to help participants deal with social phenomena.

"The current all-round economic reforms in China are a complicated social system project that requires research in social sciences but also in natural sciences, especially quantitative analysis with the aid of control system sciences," Song said in his speech.

He said he believed that the subjects being discussed would help facilitate China's efforts to make its decision-making process more democratic and scientific.

According to Yang Jiachi, an official of the Chinese Association of Automation, Chinese scientists have investigated several important socio-economic systems through both qualitiative study and quantitative analysis.

In recent years, a wide range of projects, including the 1982 population census, China's prospects for the year 2000, economic reforms and macroeconomic systems study, and incentives in management of economic systems have been covered.

On the closing day of the workshop, Cathy Greenblat, doctor of sociology at Rutgers of the United States, will present a "village development" game to the participants, who will take roles of the villagers or development agents in Capjefos, an imaginary village. Each player was given goals, activities and constraints similar to those of their real-world counterparts.

"Capjefos is a new educational tool for persons concerned with issues of rural development," said Dr Greenblat. "This approach is different from others because it turned a modelling system into an operating system."

She quoted a Chinese proverb as saying: "I hear and I forget, I see and I remember and I do and understand."

LAND ADMINISTRTION BUREAU SET UP 1 AUG

HK140223 Beijing RENMIN RIBAO in Chinese 5 Aug 86 p 2

[Text] A state land administration bureau has been officially set up and began working on 1 August.

The State Land Administration Bureau under the direct leadership of the State Council is responsible for exercising centralized management of the use and distribution of land throughout the country. [pargraph continues]

Its main functions are: Implementing the state's laws, regulations, and policies on land; handling investigation, registration, and statistical work concerning land; organizing the departments concerned to draw up general plans for the use of land; handling land requisition and distribution in the whole country and examining and approving all plans for land requisition and distribution which are submitted to the State Council for approval; solving major issues in the management of land by making investigations and studies; examining and supervising the use of land by localities and departments and coordinating the use of land; joining other departments concerned in settling land disputes; and dealing with cases of illegally occupying and using land.

DU RUNSHENG ISSUES AGRICULTURAL DEVELOPMENT PLAN

HK140522 Beijing CHINA DAILY in English 14 Aug 86 p 1

[Text] Limiting State control of farm products and allowing farmers to sell their goods at higher prices is part of the proposal by a leading agronomy expert to boost the development of China's agriculture.

Speaking at a meeting on agriculture, Du Runsheng, director of the Rural Policy Research Centre of the Party Central Committee's Secretariat, also stressed the need to help rural residents industries and to improve farmland.

In 1985, the government signed contracts for purchasing 75 million tons of grain from farmers, following the abolition of its monopoly purchase of this and other essential agricultural products.

The figure for this year is 60 million tons, and Du proposed that it be further reduced next year to leave more for farmers to sell on the open market for higher prices.

Meanwhile, he said farmers should be assured of supplies of chemical fertilizer, diesel oil and other essentials at government prices in proportion to the amount of grain they sell to the government.

Du urged the government to sell more energy and rolled steel to rural factories. For most such factories, the build of the raw and semi-processed materials they need comes from the open market, where prices are higher.

Rural factories now employ 60 million persons, and the government has plans to shift another 100 million in five years to such factories in or near their villages.

There are now 400 million rural labourers, but farming needs only about 250 million, according to earlier news reports.

Du called for building more chemical fertilizer plants, noting that China needs 100 million tons of chemical fertilizer per year, while the amount available is 80 million tons, including 10 million tons imported.

China has 133 million hectares of arable land and the best, about 6.7 million hectares, is in 600 of its 2,300 counties.

The goal should be to shift 100 million farmers to industries, to strive to acquire 100 million tons of chemical fertilizer per year, and to make the best land yield more, Du said.

NATIONAL FORUMS STUDY CIVILIZED VILLAGES, TOWNS

Forum Opens in Baoding

SK080507 Shijiazhuang HEBEI RIBAO in Chinese 26 Jul 86 p 1

[Excerpts] The national meeting to report on the building of civilized villages and towns opened in Baoding this morning. This meeting is being jointly held by the Propaganda Department of the CPC Central Committee and the Rural Policy Research Center of the CPC Central Committee Secretariat.

Attending the meeting were Wang Daming, permanent deputy director of the Propaganda Department of the CPC Central Committee; Xie Hua, deputy director of the Rural Policy Research Center of the CPC Central Committee Secretariat; Song Yingqi, Director of the Mass Work Department of the PLA General Political Department; Xing Chongzhi, secretary of the Hebei provincial party committee; Lu Chuanzan, deputy secretary of the provincial party committee; Liu Ronghui, member of the Standing Committee of the provincial party committee and director of the Propaganda Department; and Gao Tianzheng, political commissar of Unit 51034. Also attending were responsible comrades of the Propaganda Departments, the Rural Work Department, and the Rural Policy Research Centers of the party committees of various provinces, autonomous regions, and municipalities; representatives of grass-roots units advanced in building the two civilizations; and representatives of various armed services, totalling 150 people. Various units subordinate to the Beijing Military Region, representatives of various major units, and representatives of the various relevant provincial departments, various prefectures and cities, and various counties in Baoding Prefecture and Baoding City attended the meeting as observers.

The meeting was presided over by Comrade Wang Daming. He said: The main task of this meeting is to sum up and report on the new situations in building and developing civilized villages and towns throughout China since the meeting held in Suzhou in 1983, to exchange new experiences in line with the guidelines of the National Conference of Party Delegates and the Fourth Session of the Sixth NPC, to discuss ways to further strengthen the building of civilized villages and towns with a focus on carrying out the second step of rural reform, to guarantee the implementation of the party's rural policies and the coordinated development in building the two civilizations, to better implement the central authorities' proposed strategic principle on attending to the two civilizations simultaneously, to comprehensively implement the Central Document No 1 for this year, to actively promote the development of the socialist commodity economy, and to further consolidate and develop the excellent rural situation.

Comrade Xie Hua spoke at the meeting. He gave an account of the first step of rural reform and the achievements in breaking with the system of "eating from the same big pot," and expounded on the importance of building civilized villages and towns in terms of the great significance and the arduous tasks which we will encounter in the second step of rural reform. [passage omitted]

Comrade Song Yingqi gave a speech at the meeting. He gave an account of the army-people joint activities to build the spiritual civilization launched among the commanders and fighters and of their experiences in this regard.

Comrade Xing Chongzhi also gave a speech, in which he said: The convocation of the ongoing national meeting in Baoding Prefecture to report on the building of civilized villages and towns has provided us with an opportunity to study the advanced experiences of the fraternal provinces, municipalities, and regions as well as the PLA units, which will give us a great impetus to building civilized villages and towns in the province. He warmly welcomed the comrades at the meeting on behalf of the provincial party committee and expressed home that the participants offer opinions and suggestions. After that, Comrade Xing Chongzhi reported on the province's situation in building civilized villages and towns and gave his experience in this regard.

Beginning this afternoon, the meeting will hear reports to be given by various groups to exchange their experiences.

Forum Convenes in Shandong

SK140354 Jinan Shandong Provincial Service in Mandarin 2200 GMT 13 Aug 86

[Text] The national forum on building enterprise civilized units, jointly sponsored by the Propaganda Department of the CPC Central Committee, the State Economic Commission, and the All-China Federation of Trade Unions, opened in our province's Jiaonan County on the morning of 13 August.

The forum was presided over by Zhang Yanning, vice minister of the State Economic Commission. He gave an opening address. At the forum, Wang Daming, deputy director of the Propaganda Department of the CPC Central Committee, and (Yu Qinghe), secretary of the All-China Federation of Trade Unions Secretariat, gave speeches on building civilized units among enterprises and on ideological and political work for workers. Also addressing the forum were Lu Maozeng, deputy secretary of the Shandong Provincial CPC Committee, and Liu Peng, member of the provincial party committee Standing Committee and secretary of the Qingdao city party committee.

The main purpose of this forum is to draw on collective wisdom and absorb all useful ideas, and on the basis of summing up and exchanging experiences in building civilized units among enterprises in the past few years, to explore and study ways to make the building of enterprise civilized units better cater to the needs of the new situation of the current reform, opening to the outside world and vitalizing the economy, to promote the progress of reform, to stimulate the development of the socialist commodity economy, and to raise the building of enterprise civilized units to a new level.

Attending the forum were responsible comrades of the propaganda departments, economic commissions, and trade union councils from 20 provinces, autonomous regions, and municipalities, comrades in charge of this work from 17 departments, bureaus and general companies under the State Council, and leading comrades of the Mass Work Department of the PLA General Political Department.

STATISTICS BOARD FORMULATES DEVELOPMENT STRATEGY

OW131704 Beijing XINHUA in English 1427 GMT 13 Aug 86

[Text] Beijing, August 13 (XINHUA) -- The eastern, central and western parts of the China must promote mutual development. This is an economic strategy put forward today by the State Statistics Bureau for the next five years.

In a study, the bureau found that there are 220,000 industrial enterprises, or 47.6 percent of China's total, in the eastern part; and the output value in 1985 made up 61.2 percent. But the economic zone lacks natural resources such as energy and raw materials for further growth.

The bureau suggested the zone develop knowledge-intensive industries and improve the quality of products through importing technology and join the central and western parts in exploiting resources through inter-regional cooperation. New factories, which will consume more energy and require raw materials in short supply, will not be suitable.

As for the central part, which has a fairly developed agriculture and transport, abundant mineral deposits and a certain industrial foundation, the bureau considered it ideal for industries. It suggested putting emphasis on energy and raw material projects there. The main task for the western part is to make preparations for development, the bureau said. In the future, the zone will boost agriculture, forestry, animal husbandry, transport and communications, exploit energy and mineral deposits and develop processing industries. Military factories will produce civilian goods.

Grassland and hydraulic power potential in the western part are absolute priorities. The deposits of copper, lead, zinc and phosphorus make up between 40 and 50 percent of China's total, while those of coal and natural gas account for 32 and 67 percent, respectively.

FEI XIAOTONG DISCUSSES DEVELOPMENT OF NORTHWEST

HK140253 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 13 Aug 86

[Excerpts] At the invitation of the provincial CPPCC, Fei Xiaotong, vice chairman of the CPPCC and a well-known social scientist, delivered an academic report in the Gansu provincial government hall on 13 August. He said: The northwest region must rely on its own strength to develop its economy. It must take advantage of its strong points and special features.

Fei Xiaotong arrived in Lanzhou after carrying out an investigation on central Gansu. Analyzing the current situation in poor areas in the light of the problems he found during his investigation, he pointed out that it is necessary to carry out more investigation and study and sum up the experiences and lessons of these areas in economic development. [passage omitted]

He said that Wenzhou in Zhejiang also used to be a poor place. In recet years the people there have created the Wenzhou model through their own hard work. Wenzhou's roving handicraftsmen are known thrugh the country and even abroad. I think Gansu also has such a strong point. In particular, there are many such people in the minority-nationality areas, and they are not inferior to those of Wenzhou. [passage omitted]

Fei Xiaotong said: Every area has its special features and strong points. If we apply different development measures in light of local conditions, it will not take long to change the strong points into a springboard for economic development. In this way there can be a great transformation in the economic situation of the northwest.

ZHU HOUZE ENCOURAGES RAISING OF CULTURAL LEVEL

HK110733 Beijing CHINA DAILY in English 11 Aug 86 p 4

["Excerpts" of speech by Zhu Houze, head of Propaganda Department of the party Central Committee, to officials in charge of cultural matters -- sometime in July, place not given]

[Text] cultural issues are commanding more and more attention as people realize the important relationship between culture and economic progress. We should assess the state of Chinese culture today and take stock of its past development. At the same time, we should study the progress of world culture and the history of nations that have had great cultural impact on the world. And a comparison should be made between the development of Chinese and Western cultures.

With economic and technological progress arises the question of improving the cultural level of our nation and changing out-moded notions.

The opening of the country to the world allows Chinese and Western cultural elements to rub shoulders and interact. This makes a stocktaking all the more necessary.

In the past, we depended heavily on administrative means to tackle cultural matters -- with less success than expected. So administrative methods should be generally avoided where culture and arts are involved.

To ensure the stable and enduring progress of culture, or in a broader sense, to create a dynamic society, it is important for leaders of cultural affairs not to jump to hasty conclusions in the face of unorthodox opinions or those different from their own.

An article in PEOPLE'S DAILY advocated tolerance of different opinions and people hold such opinions, in order to create a more relaxed cultural atmosphere. Flexibility in the cultural, economic and political fields as well as in family relationships will be more effective than rigidity.

A society needs leading "stars". Without such an elite, there is little driving force.

"Selecting the superior and eliminating the inferior" is important for ensuring the dynamism of a society. But at the moment, many officials have misgivings about upgrading people with "superior" ability as well as eliminating "inferiors." They seem determined to artifically narrow the gap between the two. This attitude may be inherited from the Confucian doctrine of seeking the mean, or average, that traditionally dominated Chinese culture.

In recent years, China's athletes have made impressive showings at international meets. Encouraging the talented to excel is largely responsible for this. We should encourage all bright people to rise above the average in their fields. At the moment, however, many talented people are subject to so many restraints that they have difficulty showing even average ability.

Elimination of the inferior is also important because it provides necessary selective pressure. We should end the situation in which people can get away with just fooling around.

China has its own rich cultural heritage. It is wrong to disown it. But we should assess it objective. For example, intoxication over the fact that ancient Chinese printing technique played a significant role in Europe's Renaissance or pride in mere exhibition of unearthed relics only indicates an unjustified smugness.

Chinese printing technique made its way to Europe centuries ago. Now the West's photo type-setting technology is replacing it in China. We have lagged behind.

Cultural changes are natural. We should not take the relative quiescence of Chinese culture for granted. At the moment, we should change those cultural elements that retard progress.

The idea that one should "never spend beyond one's means," for example, has been much extolled. But in the context of a developing modern economy, its correctness is doubtful. The separation of monetary capital from industrial capital has challenged the nation. Many businessmen have started with nothing but borrowed money. In running joint ventures in China, for instance, the investment of foreign businessmen is not gold from their forefathers' hoards but bank loans. They not only get back eventually their costs but also profits. This is in sharp contrast with our traditional rigid economic ideas.

Currently, we are considering the question of operating cultural businesses. The word "culture" evokes concepts of beauty and purity. But culture needs some vehicle to spread it. If there were no publishing houses nor distribution agencies, how could people have culture? We should train large numbers of managers of cultural businesses.

Since many of those in charge of cultural matters are newly promoted and young, I suggest that they both make good study of the Marxist theory of culture and arts and read some non-Marxist and foreign theories of culture.

Here I would like to ask a question: Wasn't Marxism forged from the raw materials of non-Marxist theories?

Marxism stemmed from German classic philosophy, French Utopian socialism and British classic economics. All these were non-Marxist.

So another question arises. Shouldn't we adopt the open attitude of classic Marxist writers towards world culture? We should not confine ourselves to the framework of Marxism.

With basic Marxist viewpoints as our tool for understanding the world, we should keep up with all economic, cultural and technological developments after Marx and Lenin and absorb everything useful -- including those nuggets among the theories and cultures permeated by the prejudices of the exploiting classes. Only in this way, can we keep Marxist theories forever dynamic. In short, the development of Marxist theories has raised a basic question: What attitude should Marxist adopt towards non-Marxist academic fruits, new developments and new things at issue?

At the moment, we also face a problem of raising the levels of our writers and artists. Many are bright and gifted. But their cultural foundations in general are rather shallow and narrow, which limit their further development. [paragraph continues]

So it is imperative for them to expand their knowledge in order to become better equipped culturally.

We used to call for transforming ideology independently from raising the people's cultural levels. Naturally, we achieved little.

Improvement of the Party's work style, the general mood of society and people's ethical values are based on the raising of the cultural level of the whole nation. Abstract moralizing and advocating change in out-dated ideas will be of no avail without the support of education and culture.

'DELAYED' BOOK BY WANG RUOSHUI TO COME OUT 14 AUG

HK120400 Beijing CHINA DAILY in English 12 Aug 86 p 4

[By Huang Qing]

[Text] After being delayed for nearly two years, the book "Apology of Humanism," a collection of philosophical essays by Wang Ruoshui, a noted theorist and former deputy editor-in-chief of PEOPLE'S DAILY, will be in Beijing bookstores on August 14. The Joint Printing Corporation hopes it will arouse strong views for and against -- or "at least be used as research material," the publisher's representative Gao Fuqing said.

"I am greatly relieved to have the book published," Wang Ruoshui said in an interview with CHINA DAILY. He noted that the book appears at a favourable time, when society is coming to realize the importance of the "Let a hundred flowers bloom and a hundred schools of thought contend" principle.

The Joint Printing Corporation first planned to published the book last year under the title "The Collection of Philosophical Essays by Wang Ruoshui." But it was then postponed.

The book is divided into three parts: The first on the emancipation of mind and democracy; the second on the debate over identity of thinking and being that has been going on for 20 years; the last -- and the most controversial -- on humanism and alienation of man in socialist society.

Two essays in the book, entitled "On Revolutionary Humanism" and "My View of Humanism," are, according to the author, his response to criticism of his theory and have never been published before.

In the preface, Wang wrote that he stands responsible for every word he has written, and whether he is right or wrong is left to readers' judgement.

His other book on literature and art: "Pain of Knowing," is expected to appear this year.

PLA MEETING ON ARMY SCHOOLS CONVENES IN HARBIN

SK130346 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 12 Aug 86

[Text] The first all-army meeting to exchange experiences in the regularization of military schools held by the organs of the PLA general departments opened in Harbin on 12 August. Attending the meeting were Han Huaizhi, deputy chief of staff of the PLA General Staff Department; [words indistinct], and [Sun Jinghua], political instructor of Unit 81032, and deputy commander of the Air Force of the Shenyang Military Region. Also attending were party and government leading comrades of our province including Sun Weiben, Hou Jie and Zhou Wenhua, and Shao Zhao, commander of the provincial Military District.

BAN YUE TAN ON STRATEGIC CHANGES WITHIN PLA

HK071324 Beijing BAN YUE TAN in Chinese No 14, 25 Jul 86 pp 14-16

[Article by Xiong Zhengyan: "The People's Army Is Undergoing a Strategic Change"]

[Text] At present, the building of the PLA, as well as its guiding ideology have undergone strategic changes. Its strategy has been switched from the war preparation idea of "striking early and on a large scale, and fighting a nuclear war" to the idea of engaing in its building during the peaceful period. This requires all sectors of the Army to make their work conform to this strategic change. For this reason, Yang Shankun, vice chairman of the Central Military Commission, clearly pointed out: The Army must make full use of this peaceful period in which we have no wars to promptly do well in some basic construction tasks of the Army under the prerequisite of being subordinated to the state's overall economic construction situation. Also, the Army should speed up its pace of revolutionization, modernization, and regularization. This is a new task for the Army. Over the years, the Army, as a whole, has made great efforts in this respect.

First, we should reform the system and streamline the establishment.

In June 1985, Deng Xiaoping announced that the Chinese Government had decided to cut its number of servicemen by one million. This thus began the first stage of the work of streamlining, which was fulfilled by the end of last year. This year, we are mainly dealing with the work of streamlining the establishments of the Army's colleges and schools, the People's Armed Forces, and the logistics supplies system. Various tasks in connection with this have been started.

The People's Armed forces will no longer be under the Army's estabishment but be put under the level of local establishment. Its staff will be local cadres rather than servicemen. Therefore, there will be the dual leadership of the local force and military. But its tasks remain unchanged. This is an important part of the Army's structural reform and is a correct decision made in connection with the state's economic construction as well as the overall situation of building the Army. In order to actively and safely do well in this work, the CPC Central Committee, State Council, and Central Military Commission have issued special documents on various specific issues. Beginning from the second quarter, the People's Armed Force has been smoothly transferred to the local level.

Second, we must put the education of military institutes into a strategically important position and carry out a full-scale reform.

The establishment of national defense university by the end of last year symbolizes that this full-scale reform has begun to be worked out. Directly under the leadership of the Central Military Commission, this comprehensive, research and open military institute, which is the top military institute in China, mainly trains Army, Navy, and Air Force commanders-cadres at and above the army level, senior staff officers, senior theoretical study staff, and leading cadres of the state's departments concerned. It also engages in the study of strategy and the modernization of national defense. During this year's summer holiday, it will start recruiting the first year students.

Recently, the Central Military Commission pointed out: In reforming the education of military institutes, we must follow the guiding principle of conforming to the modernization, as well as world and future development. The commission also worked out the developmental goal of the military institutes during the new historical period: We should strive to establish, by the turn of this century, a modernized military education system which conforms to China's situation and carries the Army's characteristics. We should run well a considerable amount of high standard military institutes and train a large number of commanders, as well as management and technological personnel, so as to meet the needs of modernization and fighting wars against aggression in the future. There has been a comprehensive and in-depth discussion on the ways that the military's education circle makes its strategical changes conform to the guiding ideology of building the Army. The meeting held: In this period of an "information boom," the military institutes must promptly assimilate various countries' new military achievements when upholding the principle of "three conforms" and training grass-roots, middle-level, and high ranking cadres.

After a period of hard work, military officers at and above the regiment level must become a group of qualified personnel specializing in military science and all other skills. The contingent of technological cadres should be a multi-level structure consisting of post-graduate students, undergraduate students, college students, and polytechnic students.

Third, we should "widen our field of vision when conducting military training."

We completed, by the end of last year, the work of replacing the Army's field army with a group army. Following the change, the units further improved their arms, improved their extent of combined arms, and promoted speedy responses, so as to conform better to fighting against wars of aggression in the future.

These strategic changes have made China's military academic activities and military theory study become prosperous. Various scientific and technological research centers, military institutes, and field armies are actively taking part in the activities. Moreover, people interested in military operations research, scientific and technological development strategy for national defense, and national defense economics have written many academic theses. These people include unit commanders, teaching staff of the military institutes, and researchers. Their works' new contents and penetrating analyses have attracted great attention from both within and outside the military circle.

Fourth, we should voluntarily take part in the economy construction.

According to incomplete statistics, during the Sixth 5-Year Plan, the PLA spent over 110 million work days on and utilized 2.5 million sets of machinery and vehicles for undertaking over 10,000 state projects and large, medium, and small local projects. It undertook disaster relief work for over 58,000 times, which involved over 3.3 million servicemen. Some of the projects were the state's and local key construction projects. Furthermore, the units opened many ports, wharves, airports, and hospitals to local people, offering services to them. The Commission of Science, Technology and Industry for National Defense, as well as some special units, gave full play to their advantages in terms of technology and equipment. They helped localities tackle technological problems, promoted newly developed scientific and technological achievements, developed the production of products for civilian use, and made special contributions for supporting the state's economic construction. Moreover, they transferred millions of qualified personnel to the localities.

Chief of General Staff Yang Dezhi recently pointed out in a speech delivered at a meeting of ranking cadres: "Since the founding of the state, in the areas of national defense, we have experienced smooth development under the guidance of correct strategies, as well as suffered losses caused by incorrect or not clearly defined strategies." "We must promptly find a better and quicker way in terms of strategy to develop our national defense. This way will certainly be found. By relying on the guidance of correct strategy, it is absolutely possible that we can get better results and speed up the progress of modernization with our limited financial and material resources." This strategic change in China's army will inevitably push our military building to a new stage.

GUANGMING RIBAO ON LABOR FORCE MARKET

HK130229 Beijing GUANGMING RIBAO in Chinese 2 Aug 86 p 3

["Economic Trend" column by Wang Shuwei: "A Summary of the Discussion on the Labor Force Market"]

[Text] Since 1984, China's theoretical workers have conducted profound discussions on the question of the labor force market. Their main viewpoints can be summed up as follows.

Is There a Labor Force Market in Socialist Society?

The first viewpoint holds that the existence of a socialist labor force market is historical inevitability. Therefore, the socialist economy is a planned commodity economy of a social nature. There will be a commodity market, a money market, and a labor force market so long as there is a socialized commodity economy. These three markets serve as the three mainstays for the existence and growth of the socialized commodity economy.

The economy under socialist public ownership requires the opening of a labor force market and a job market, because the coexistence of various socialist ownership forms determines that it is necessary to develop labor cooperation through an exchange of equal value between economies under different public ownership systems. Such labor cooperation is, in essence, an exchange of the labor force between economies under different public ownership systems. Enterprises under the ownership by the whole people are relatively independent commodity producers. [paragraph continues]

It will not do to exclude the labor force, which is an important factor in production, from circulation; the dual nature of laborers being laborers as well as masters of the country determines that it is necessary to open a job market so as to ensure that they can have a free choice of jobs and fully display their role as masters of the country. In the international market, a socialist country engages in the labor force export as an entirely independent owner of production factors and as a commodity producer as well. In the commodity economy, distribution according to the work done is, in essence, distribution of value formed by the labor force. Allowing the labor force to be freely circulated as a commodity is the necessary approach to carry out distribution according to the work done.

The second viewpoint holds that there is no labor force market in socialist society, as socialist society has eliminated the hired labor system.

Is The Labor Force Under Socialist Conditions a Type of Commodity?

The first viewpoint holds that the labor force under socialist conditions is not a type of commodity. The reasons are as follows: First, laborers have become the masters of the means of production and work for themselves as well as for society. This has fundamentally removed the condition for the labor force to turn into a type of commodity. Second, economic relationships under socialist public ownership do not have the following basic economic characteristics which can turn the labor force into a type of commodity. 1) Socialist society exercises a voluntary joint labor system on an enterprise basis under which the transfer of laborers is aimed at selecting more appropriate units for laborers and the users of laborers are a collective body of voluntary joint laborers. Once laborers are selected and admitted by this body, they will become its members. 1) After laborers enter a production process, they still retain, in a certain form, the right to use and allocate their own labor. 3) Apart from owning the value of their own labor in the form of wages, laborers take a direct part in distributing the excess value created by their excess labor and in consuming the excess value through socialist welfare activities. Third, like interest rates and rent, wages do not fluctuate. Like land, the labor force is not a product of labor and therefore does not have value. Naturally, it is not of a commodity nature.

The second viewpoint holds that the labor force under socialist conditions has dual characteristics, one being a type of commodity and the other not. Some comrades are of the opinion that the exchange of the labor force between laborers and enterprises under the ownership by the whole people, between laborers and enterprises under collective ownership, and between laborers themselves is an exchange of a non-commodity nature. Therefore, the labor force is not a type of commodity. However, the labor force in foreign-capitalized enterprises, joint ventures, and private enterprises is, to a certain extent, of a commodity nature. The exported labor force to capitalist countries is a type of commodity because it is exploited by the capitalists of the countries. Some comrades pointed out that to link themselves with the means of production, laborers must undergo a transitional process from having labor rights in name to having labor rights in reality. This is a process of selecting and being selected, that is, laborers submit their labor force to the state and enterprises for evaluation and selection, and the state and enterprises determine the wages of laborers according to the results of their labor. This is really an exchange process with money as a medium. [paragraph continues]

So the labor force under socialist conditions takes on a commodity nature. However, the unanimity of the fundamental interests of the socialist state, the enterprises, and the individual has made it possible for the labor force under socialist conditions to be of a non-commodity nature.

The third viewpoint holds that the labor force in the present period is also a type of commodity. The reasons are as follows: the labor force in the present period still belongs to individuals, and no enterprises can use it without compensation. The labor force under socialist conditions has a dual nature of use value and value. The use value of the labor force is labor, which is the source of "v" and "m" in the gross social product. The value of the labor force is determined by the value of the means of subsistence necessary for production and reproduction. Without recognizing that the labor force has value, it is impossible to explain in a scientific way the formula of the value of commodities in the socialist economy and to explain the relationship between "v" and "m" in the value of commodities.

The Conditions for Opening a Labor Force Market

First, a rational industrial structure and a sustained, steady economic development rate are necessary. The opening of job and labor force markets will lead to the transfer of people awaiting jobs. The transfer of people awaiting jobs should be based on the balance between the total demand and supply of the labor force. Second, it is necessary to have a perfect regulatory mechanism for distributing resources. It is necessary to enable prices to reflect changes in value and the relationship between supply and demand, to allow interest rates to portray the relationship between the supply and demand of funds, and to make pay raises possible following the development of production and the changes in prices. Third, it is necessary to form an economic guarantee system under which society is responsible for providing basic life time guarantees for laborers. This will allow enterprises to carry out the transfer of the labor force and will help break an enterprise monopoly of the labor force. Fourth, it is necessary to strengthen the education of talented people and the information network. For this purpose, we should carry out life-long education apart from reforming the educational structure, so as to allow socialist laborers to adapt themselves to the rational distribution of the labor force and to familiarize themselves with modern technology. On the basis of the principle of combining unification with flexibility [tong yi yu ling huo xiang jie he 4827 0001 5280 7227 3172 4161 4814 0678] it is necessary to gradually form a nationwide network of information on talented people. Fifth, it is necessary to strengthen the restrictions on the financial budget of enterprises. Enterprises should really have the right to employ people. The fixed employment system should be changed into a flexible one so that enterprises can recruit or dismiss laborers according to the needs for production and operation. This will also provide laborers with opportunities to select their jobs. In addition, it is necessary to practice the enterprise bankruptcy system, as this is an indispensable condition for increasing the vitality of enterprises.

How To Open a Socialist Labor Force Market

The first viewpoint holds that China's labor force market should be opened step by step in the following sequence: first a market of people with specialized skills, then an ordinary labor force market; first a market of the labor force with directed transfer, then a market of the labor force with free transfers; and quasi-labor force market, that is, working out preparatory measures for the part of the market which cannot be opened for the time being.

The second viewpoint holds that the labor force market can be divided into three levels and three scales according to the qualitative difference and structure of the physical labor force: 1) a high-level labor force market on a nationwide scale, which mainly includes scientific, technological, and managerial personnel; 2) a skilled labor force market on a provincial, urban, or economic regional scale, which mainly comprises technical workers at certain levels; and 3) an ordinary labor force market, which is restricted within counties. These three types of labor force markets will finally merge into one unified labor force market on a nationwide scale.

The third viewpoint holds that to realize the free transfer of the labor force in a planned way, the following basic principles should be observed: 1) the principle of an absolutely planned transfer, which is applied to exporting the country's labor force; 2) the principle of combining a basically planned transfer with a partially free transfer, which is aimed at supplying the labor force for society; 3) the principle of combining a basically free transfer with a partially planned transfer, which is applied to the transfer of a surplus labor force in the rural areas and the labor force of industrial enterprises, under the state's micro-guidance and micro-control; and 4) the principle of a completely free transfer, which is applied to transferring a large amount of labor for society under certain administrative control.

SUCCESS REPORTED IN TRAINING CADRES NATIONWIDE

OW121416 Beijing XINHUA in English 1401 GMT 12 Aug 86

[Text] Beijing, August 12 (XINHUA) -- China has achieved a great success in training agricultural cadres above county level, said an official of the Ministry of Agriculture, Animal Husbandry and Fisheries today. A training course on scientific and technological agriculture has just finished, he said, and a training course on the management of agricultural economy and rural commodity production is in progress.

According to statistics, more than 19,000 such cadres nationwide -- about 90 percent of the total -- had been trained in 16 agricultural universities throughout the country by the end of 1985, the official said. The official also said that only 3.6 percent of agricultural cadres received professional education before the training program started in 1979.

In the next three years, lectures on the basic problems of the Chinese Revolution and construction, basic sciences, the management of town-run businesses and computers would be delivered to those cadres in the second round of training.

EXPORT EARNINGS CHART $13.5 BILLION IN 6 MONTHS

HK130515 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1429 GMT 12 Aug 86

[Beijing, 12 Aug (ZHONGGUO XINWEN SHE) -- According to figures compiled by the general administration of customs and released by the State Statistical Bureau, China earned $13.53 billion of foreign exchange through exports in the first half of this year, an increase of 14.4 percent over the corresponding period in 1985. The amount of imported goods totaled $19.9 billion, up by 8.6 percent over the corresponding period of last year. Thus the growth rate of exports was higher than that of imports.

The steep fall in world oil prices and growing world protectionism have imposed tremendous difficulties on China's exports. However, the amount of foreign exchange earned through exported goods, except oil, still increased substantially in the first 6 months of this year, and there was an especially big increase in the export of cereals, oils, foodstuffs, light industrial products, textile products, native produce, animal by-products, arts and crafts, metals, minerals, and mechanical and electrical equipment. The volume of commodities exported to the United States, West European countries, Hong Kong and Macao rose by a big margin. In the first half of this year, Shanghai, China's largest export city, earned $1.69 billion of foreign exchange through exports, 8.86 percent higher than in the corresponding period in 1985, and the volume of transit goods through the city increased by 47.6 percent.

This year China has amply readjusted its mix of import goods and there has been a sharp rise in the import of raw materials and advanced technical equipment which are badly needed in economic construction. If compared with the corresponding period of last year, the import volume of modern technologies, complete sets of equipment, machines, instruments and meters, steel products, and chemicals increased notably, while the import of copper, aluminium, chemical fertilizer, pesticides, refined sugar, household electric appliances was markedly reduced.

ECONOMISTS URGE BETTER CONSUMER PRODUCT QUALITY

OW121718 Beijing XINHUA in English 1441 GMT 12 Aug 86

[Text] Beijing, August 12 (XINHUA) -- Economists here have urged consumer goods producers to make greater efforts to develop new products and improve quality. They complained that producers of consumer durables and daily-use goods have failed to respond to changes in consumer demand and produce unwanted goods. According to figures released by the State Statistics Bureau, the output of wrist watches, cassette recorders, cameras, electric fans and household refrigerators in the first seven months of this year increased anywhere from 22 to 55 percent over the same 1985 period, but sales of these products increased by less than 10 percent.

Continued increase in production thus resulted in huge stockpiles. Many shops in north, east and central China reported "mountains" of black-and-white television sets, cassette recorders and electric fans in stock. Economists analysed that it was not that the people had no money to buy nor had they bought enough, but it was the quality that failed to meet the demand. Statistics showed that there was a huge demand for household electrical appliances as there were only 14.6 recorders, 25.4 electric fans, 12.1 washing machines and 1.6 refrigerators for every 100 households in China. Moreover, the 250 billion yuan of surplus purchasing power in 1985, which was 4.1 times that of five years ago, showed that the people have the money to buy.

Economists said that now people have become choosier as market prices have been stabilized and the uneasiness a few years ago has been dispelled. It is this change in consumer demand that industry has failed to respond to, said economists. The only way to end the situation is to make greater efforts to develop new products, lower costs and improve quality, according to economists.

AUDITING UNITS ENFORCE LAWS, RECOVER FUNDS

OW121108 Beijing XINHUA Domestic Service in Chinese 1318 GMT 11 Aug 86

[Excerpts] Beijing, 11 Aug (XINHUA) -- According to information provided by the State Auditing Administration, China has turned its auditing work into a standard and regular system.

Auditing is a means of supervision in financial and economic affairs. Since its founding in September 1983, the State Auditing Administration has set up more than 3,000 auditing organs at and above the county level throughout the country, with over 30,000 auditors. In addition, over 10,000 auditing organs have been set up in government departments, enterprises, and PLA organizations. [passage omitted]

According to statistics, auditing organs in China have audited a total of 120,000 units over the past 3 years and found that over 4.3 billion yuan of public funds have not been turned over to the state treasury in violation of state laws. They have found 680 cases of violation of state laws. Each case involves funds totaling over 1 million yuan. They have also discovered 255 cases of embezzlement. Each case involves funds totaling 10,000 yuan or more. [passage omitted]

Auditing at regular intervals is an effective method in doing auditing work in China. Administrative units in 21 provinces, autonomous regions, and municipalities directly under the central authorities have been audited at regular intervals. Some of the localities are already auditing enterprises at regular intervals. Statistics show that fewer people violate financial and economic discipline in places and units where auditing is being carried out at regular intervals. [passage omitted]

During the first 6 months of this year a total of 38,700 units have been audited in the country. Financial and economic violations involving more than 840 million yuan have been discovered. So far over 420 million yuan has been turned over to the state treasury.

DENG LIQUN, WANG ZHAOGUO AT EARTHQUAKE CONCERT

SK120545 Shijiazhuang HEBEI RIBAO in Chinese 30 Jul 86 p 1

[Excerpts] [passage omitted] The date 28 July marked the 10th anniversary of the Tangshan earthquake. On the evening of the same day, a special concert was held at Zhongnanhai's Huairen Hall. [passage omitted]

Deng Liqun and Wang Zhaoguo, members of the Secretariat of the CPC Central Committee, and Ai Zhisheng, minister of radio, film and television, watched the performance. After the performance, Deng Liqun and other comrades cordially met with all the performers and composers, and had a group picture taken with them.

RURAL SERVICE NETWORK BENEFITS, JIANGSU PEASANTS

OW131358 Beijing XINHUA in English 1330 13 Aug 86

[Text] Nanjing, August 13 (XINHUA) -- Peasants in the rural counties of Suzhou, Jiangsu Province, one of China's most developed areas, no longer worry about the marketing of their side-line products.

This is because more than 1,000 service centers at various levels provide them with information and technology and help them with processing, shipping and selling.

In addition to a city service company and seven county companies, there are 165 township centers and 1,300 village centers, which form a network serving peasants who breed pigs, rabbits, poultry and milk cows, grow fruits, peanuts and mushrooms, or are engaged in sericulture, handicrafts and labor service. With the help of the service network, the income from side-line production in the rural counties has doubled in the past three years to reach 2.13 billion yuan. This sector now accounts for 70 percent in the agricultural output value, as against 30 percent three years ago. Last year, the local peasants' average income from side-line production made up 40 percent of the total.

A local official described the establishment of these companies as "pioneer work" to promote the development of commodity production in the countryside. Since 1979, more and more rural households in China have taken up occupations other than farming as a result of the new government policy to transform the self-contained agricultural economy into commodity production.

Side-line production began to fluorish in rural Suzhou in the early 1980's. But local peasants soon found that backward technology and slow sales of their products put them in a predicament. The service companies were set up to solve these problems. Their watchword is "get in touch with us whenever you are in need".

With their help, mushrooms and pearl shells, two local major side-line products, which once found no sales, now sell well inside and outside the province. The local peasants are now also willing to raise pigs and silkworms, from which they previously earned little, because the companies helped them reduce costs and improve the quality of the products.

The companies charge the peasants very little, usually only three to four percent of the gross profit. To raise funds for providing service facilities, the companies themselves also run a number of enterprises such as foodstuff and feed-processing factories.

JIANGXI VICE GOVERNOR SPEAKS ON ECONOMIC CRIME

OW131351 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 12 Aug 86

[Excerpts] The provincial People's Procuratorate, the party committee of departments directly under the provincial authority, and the provincial party committee's office in charge of economic crime held a meeting at the 1 August Auiditorium this morning to moblize departments directly under the provincial authority of the Nanchang city people's govermnent to crack down on serious economic criminal activities. The meeting summed up and made arrangements for the work in this regard.

More than 2,500 people attended the meeting, including Liu Fangren, Jiang Zhuping, Wang Zhaorong, Wang Baotian, Di Sheng, (Su Zhihong), Wang Shufeng, Liu Bin, Qian Jiaming, Fang Qian, and Wu Ping, leading comrades of the provincial party committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress Standing Committee, the provincial people's government, and the provincial CPPCC Committee; (Li Ansheng) and (Chen Andong), leaders of the Nanchang city party committee and people's government; responsible comrades of quarters concerned; and cadres of departments directly under the provincial authority and the Nanchang city people's government.

(Liu Zhonggui), secretary of the party committee of departments directly under the provincial authority, presided over the meeting.

Wang Shuheng, procurator general of the provincial People's Procuratorate, spoke first at the meeting. [passage omitted] Wang Shuheng said: Since the beginning of this year, our province has made initial progress in the struggle against serious economic crime. From January to June this year, the number of cases of economic crime received by procuratorial organs in the province increased 85 percent over the same period last year, and those placed on file for investigation and prosecution went up 120 percent. Of these cases, the number of major and serious cases increased 3.5 times, and the number of disputed cases 4.7 times. Economic losses retrieved for the state and collectives were nine times the figure for the same period last year. [passage omitted]

Procurator General Wang Shuheng said: Economic criminal activities are still rampant, and the means used to carry out such activities have become more covert and cunning. The amount of money involved in such crimes has also become increasingly larger. The criminals are swollen with arrogance. Some of our units and departments have failed to make vigorous efforts to investigate and handle economic criminal cases. [passage omitted]

Wang Shuheng said: In accordance with the requirements set by the central authorities, we should effectively carry out the struggle against economic crime and develop and deepen it. We should persistently carry out the struggle for several years and work particularly hard in this regard this year and next. [passage omitted]

Jiang Zhuping, member of the Standing Committee of the provincial party committee and vice governor of the province, made an important speech at the mobilization meeting. [passage omitted] He said: In accordance with the principle of being resolute, serious, and prudent, vigorous efforts should be made to investigate and handle major and serious cases. It is necessary to start with concrete cases, especially with those cases involving leading cadres, their relatives or children, or famous persons. In investigating and handling such cases, we must be resolute, spare nobody's feelings, break through obstructions, and handle cases impartially and thoroughly. In addition, it is necessary to vigorously investigate and handle economic criminal cases involving ordinary cadres, workers, or staff. [passage omitted] Attention should also be paid to protecting those party members, cadres, and people who have the courage to inform against or expose violators of the law and discipline. Retaliation and frame-ups are strictly forbidden. [passage omitted]

In conclusion, Jiang Zhuping pointed out: In departments directly under the provincial authority and the Nanchang city people's government, the situation in the struggle against serious economic crimes is very good. We must maintain and develop this excellent situation. We must effectively combat serious economic crimes in order to bring about a fundamental turn for the better in party style and the standards of social conduct.

We must strive to meet the provincial party committee's requirements for departments directly under the provincial authority to set an example in the rectification of party style and to bring about a noticeable turn for the better in party style within this year. We must work hard to deepen the economic structural reform step by step and to fulfill this year's provincial economic plan in all-round way.

SHANDONG GOVERNMENT HOLDS FORUM ON CROP FARMING

SK140435 Jinan Shandong Provincial Service in Mandarin 2200 GMT 13 Aug 86

[Excerpts] From 11 to 12 August, the provincial government held a forum of agricultural experts and professors from Shandong Agricultural University, Laiyang Agricultural Institute, and the provincial Agricultural Science Institute in Taian to hear their opinions on how to further develop the province's crop farming. Li Changan, deputy secretary of the provincial party committee and governor, presided over the forum and gave a speech.

Since the 3d Plenary Session of the 11th CPC Central Committee, the structure of our province's crop farming has become basically rational thanks to the two readjustments of a comparatively large scale, and the output has steadily increased. The rate of crops sold as commodities has been raised unceasingly. The production of some crops, however, is still being blindly developed. Because the quality of some farm products is low and there are too few varieties, they cannot meet the market demands. The processing capacity is weak and the comprenensive economic results are fairly low, which affect the enthusiasm of peasants. [passage omitted]

The forum studied the issues of five aspects which we must resolve in particular:

1. We should firmly foster the idea of the commodity economy. In line with the domestic and foreign market demands, we should make crop distribution and production rational in an effort to raise the crop quality, increase the varieties, produce farm products suited to market demands, and raise the competitive capacity.

2. We should pay special attention to scientific and technological progress. Leaders at all levels should strengthen leadership over scientific and technological work, take the lead in studying and applying science, regularly hear and solicit opinions from experts, and use scientific and technological knowledge to guide and organize the production of crop farming so that the scientific and technological findings will become practical productive forces within a short period of time.

3. We should actively develop the farm product processing industry. In the future, while formulating farming plans, we should also give consideration to the related processing industry. We should organize forces to speed up the research and production of machinery and equipment for the processing industry. Meanwhile, we should also do a good job in digesting and absorbing the imported equipment and technology and should install comparatively advanced equipment in the processing industry. [passage omitted]

4. We should strengthen regulation and services in favor of crop farming production. The industrial, commercial and foreign trade departments should establish close ties with the agricultural departments and provide them with timely and accurate information. [passage omitted]

5. The relevant departments should strengthen comprehensive coordination and support the development of crop farming.

CENTRAL-SOUTH REGION

SHANTOU SPECIAL ZONE LEADING BODY RESHUFFLED

HK131450 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1231 GMT 13 Aug 86

[Report: "The Shantou Special Economic Zone Has Had Its Leading Body Reshuffled" -- ZHONGGUO XINWEN SHE headline]

[Text] Guangzhou, 13 Aug (ZHONGGUO XINWEN SHE) -- The leading body of the Shantou Special Economic Zone was recently reshuffled.

The new leading body of the Shantou Special Economic Zone is composed of five members: Liu Feng [0491 1496] is appointed secretary of the CPC Committee of the Shantou Special Economic Zone and continues to hold the post of chairman of the special economic zone Administrative Committee; Li Huanran [2621 3562 3544] is appointed deputy secretary of the CPC Committee of the special economic zone and vice chairman of the special economic zone Administrative Committee; Mai Youzhi [7796 0645 4160] is appointed vice chairman of the special economic zone Administrative Committee; Chen Xufan [7115 1645 5672] is appointed deputy secretary of the Discipline Commission; and Fang Kesen (2455 0344 2773] is appointed vice chairman of the special economic zone Administrative Committee.

The average age of the members of the new leading body is 50.2 years. All the members are Chaoshan natives.

HENAN WARNS AGAINST PRICE HIKES FOR CEMENT

HK131034 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 11 Aug 86

[Text] According to HENAN RIBAO, the recently concluded provincial meeting of directors of material supply bureaus warned against indiscriminate price hikes in cement following an increase in cement sales volume.

There are now over 400 enterprises producing cement in the province, with an annual cement output of 8 million tons. In addition to meeting the province's needs, about 1.5 million tons of cement are exported to other provinces. Following cement price deregulation, prefectural, city, county, and district authorities have the right to decide on cement prices. Since the first half of last year, many cement plants have raised the price of cement by 40 to 69 percent. As a result, the cement produced by the province has become less competitive. Some clients have discontinued purchase orders with cement plants in the province and turned to other provinces and cities for cement supply.

After (Nanwan) Cement Plant in Xinyang raised the price of its cement, the Xinyang Prefectural Construction Materials Company sought far and wide for what lay close at hand. It would rather buy cement from Anhui and Hubei than buy cement from the (Nanwan) Cement Plant. Thus the (Nanyang) Cement Plant had an overstock of cement, and found the going to be tougher and tougher.

In view of this, provincial leaders have instructed the relevant departments to promptly study and resolve the problem. The provincial metallurgical industry and construction materials department has dispatched four groups to conduct an investigation in southern and northern Henan in a bid to promote the healthy development of local cement production.

BANKRUPTCY WARNING SAVES HUBEI RADIO FACTORY

OW131118 Beijing XINHUA in English 0940 GMT 13 Aug 86

[Text] Wuhan, August 13 (XINHUA) -- A state-owned factory here, which was warned against bankruptcy a year ago, has become profitable.

The Wuhan No 3 radio factory is this capital of Hubei Province had suffered ecomonic losses of 2.57 million yuan in three years since 1982. By the end of 1984, it ran up debts of more than 4.7 million yuan, surpassing its fixed assets and circulating capital. Wuhan city government issued a warning against bankruptcy to the factory with 1,300 workers in June last year. If it failed to respond to the warning within 18 months, the government then said, it would be declared bankrupt.

The warning made a great impact on both leaders and workers of the factory. They came to realize the fate of their factory was actually linked with their own interest. A campaign to save the factory soon started right after the warning. The employees offered their savings amounting to 100,000 yuan to buy new equipment. Management was improved and the responsibility system introduced.

Meanwhile, the factory leaders decided to stop trial production of cassette recorders and concentrated on electronic products used in construction. A number of a new products were developed one after another, which have found good market. They also established economic ties with enterprises and research institutes in Guangzhou, Xian and Hong Kong. At the same time, the city government has given necessary support to the factory by providing loans. From June this year, the factory became a profitable enterprise.

According to statistics based on the first six months this year, the city still has 75 enterprises which are run at a loss. The city government issued warnings against bankruptcy to another two enterprises earlier this month. A collectively-run explosion-proof equipment plant in Shenyang was declared bankrupt on August 3. It was the first bankruptcy ever recorded in China.

HUBEI DEALS WITH CRIMINAL CASES INVOLVING GRAIN

HK131445 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 12 Aug 86

[Text] In the course of party rectification in districts and townships, in coordination with party organizations and law enforcement departments of all areas, grain systems at all levels throughout the province have taken effective measures to seriously investigate and deal with big and important cases. From the beginning of 1985 to June this year, they exposed 775 economic criminal cases of various kinds and completed the trial of 542 cases.

Since party rectification began, party organizations of grain departments at all levels have extensively mobilized the masses to report and expose the economic problems of their own units and departments. They have revealed many economic cases. Some were cases of deception, some were cases of misappropriation of public funds to do business, and some were cases of exploiting the advantage of many state prices for grain to pass inferior grain off as superior grain.

In view of these problems, the party group of the provincial grain bureau has clearly put forward that it is necessary to grasp the investigation of and dealing with economic criminal cases as an important content of party rectification. Their specific method is:

1. Self-inspection, self-reporting, and self-correction is carried out. In the first half of 1985, all grain departments throughout the province completely investigated the situation in Changing state listed prices to negotiated prices and increasing prices for over-quote procurement. They discovered cases of violation of discipline which involved 110.88 million kg of grain, valued at some 10,423,000 yuan. At the same time, they also took measures to avoid big economic losses.

2. An inventory of warehouses is made and financial and economic discipline enforced. They have discovered many loopholes and problems. Huanggang prefectural grain system has found losses of some 1.9 million kg of grain. Tianmen County has discovered losses of some 350,000 kg of grain.

3. Stress is laid on the investigation of and dealing with important cases. People who are involved in economic cases and who should be dealt with are resolutely dealt without tolerance.

4. The financial and economic system, the system of grain and oil procurement and management, and the system of responsibility for party style are established and put on a sound basis. The method of ordering, procuring, and selling grain and oil is further perfected. The state policies on prices are seriously implemented and the unhealthy trends in the field of grain circulation genuinely corrected.

MAO ZHIYONG AT HUNAN CONFERENCE OF LIAISON MEN

HK131048 Changsha Hunan Provincial Service in Mandarin 2200 GMT 11 Aug 86

[Excerpts] It has been learned from the conference of the second group of provincial organ work personnel engaged in rural party rectification work, which concluded on 11 August, that the second group of 700 liaison men transferred from provincial organs to engage in rural party rectification work will go to 19 counties and cities in 5 prefectures, autonomous prefectures, and cities on 22 August to engage in party rectification work at the village level. Of this group of liaison men, some 90 percent are middle-aged and young cadres. [passage omitted]

To train this group of liaison men, the provincial CPC Committee held a conference of the second group of provincial organ work personnel engaged in rural party rectification work. Beginning 5 August, they were organized to study for 7 days. On the day the conference opened, Mao Zhiyong, secretary of the provincial CPC Committee, and Deputy Secretary Liu Fusheng respectively spoke and gave a mobilization report. At the conclusion of the conference, Liu Zheng, deputy secretary of the provincial CPC Committee, and Wan Da, chairman of the provincial Advisory Commission, spoke. Sun Wensheng, provincial CPC Committee Standing Committee member and Organization Department director, delivered the summation speech. Shi Xinshan, secretary of the provincial Discipline Inspection Commission, and Shen Ruiting and (Li Jianguo), provincial CPC Committee Standing Committee members, attended the conference.

At this conference, the provincial CPC Committee put forward tasks and requirements for this group of liaison men engaged in rural party rectification work.

The provincial CPC Committee demanded that in the course of party rectification at the village level, this group of liaison men complete the tasks of giving assistance, conducting supervision and inspection, and doing liaison work. [passage omitted] When they discover problems in the course of party rectification at the village level, they must promptly report them to the Party Rectification Guidance Group of the provincial CPC Committee, Party Rectification Office, and local CPC committees. They must see that the CPC committees of localities promptly solve any problems. [passage omitted]

The provincial CPC Committee also demanded that while doing a good job in party rectification, all liaison men help localities develop the commodity economy and do the work of helping the poor. They must really do well in building civilized villages and towns and building the CYL and put women's organizations and people's mediation work on a sound basis. [passage omitted]

HUNAN GRAIN PRODUCTION FUND TO RAISE OUTPUT

HK081534 Changsha Hunan Provincial Service in Mandarin 2200 GMT 6 Aug 86

[Text] With a view to implementing the spirit of 1986 Document No 1 of the central authorities and developing grain production in our province, during the Seventh 5-Year Plan, the central authorities, province, prefectures, and counties will jointly invest 205 million yuan from the special fund for the development of grain production. The first installment of the fund, 41 million yuan, raised this year has been spent in 56 counties and cities.

To achieve still better economic results and to attain the aim of spending the special fund for the development of grain production, provincial departments concerned have provided that all prefectures and departments which will use this fund, centered on the requirements for the development of grain production, must guarantee that this fund be directly used to improve the conditions for production and technological measures, to increase output of grain and to strengthen the stamina for grain production.

In the beginning of August, the provincial Commission of Agricultural Economics held a special meeting of prefectural and city Agricultural Commission chairmen and Water Conservancy Bureau directors to specifically firm up areas where this sum is to be spent and principles on managing its use.

The provincial Finance Department, Agriculture Department, and Water Conservancy and Hydroelectricity Department must strictly examine and verify all items of construction and transformation. They also demand that prefectural and county Finance, Agriculture, and Water Conservancy Departments strengthen suprevision and inspection of the progress of the construction projects and of the situation in the use of the fund. When they discover problems, they must promptly investigate and deal with them to ensure that this fund is really spent on the development of grain production.

SICHUAN CONFERENCE ON INDUSTRY, COMMUNICATIONS

HK130827 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 11 Aug 86

[Excerpts] Yesterday evening the provincial government held a telephone conference on industrial and communications production in the province, demanding that industrial and communications enterprises throughout the province enhance their vigor, overcome difficulties, and make unceasing efforts to ensure the fulfillment of industry and communications tasks of the province for this year.

The conference first analyzed the situation in the province's industrial and communications production. After hitting an all-time high in June, the province again achieved good results in industrial and communications production in July, marking an increase of 6.64 percent over the same month of last year. The province's industrial output value from January to July this year increased by 2.51 percent over the same period of last year. [passage omitted]

The conference stressed that efforts should be made to understand the power industry and natural gas industry and to raise economic efficiency in consuming power and natural gas. The shortage of power and natural gas supplies remain the prominent contradiction in industrial and communications production. It demanded that power industry and petroleum departments further tap their potential, make meticulous arrangements, carry out enterprise management related to objectives, do their best to develop production safely and steadily, and achieve faster and better results. [passage omitted] While ensuring the fulfillment of this year's production task, it is necessary to grasp in a coordinated way the growth rate, economic results, development levels and reserve strength, so as to achieve a growth rate whereby enterprises can produce fine-quality and marketable products and achieve good economic results.

The conference also make arrangements for traffic safety work. [passage omitted]

The provincial government demanded that all prefectural, city and autonomous prefectural governments treat traffic safety work as an important task and take effective measures to reduce traffic accidents. [passage omitted]

OFFICIAL URGES DEVELOPING EDUCATION IN XIZANG

HK130829 Lhasa Xizang Regional Service in Mandarin 1130 GMT 10 Aug 86

[Text] According to XIZANG RIBAO, when conveying central leaders' views on education in Xizang, the Xizang education joint investigation group, composed of the State Education Commission and other central departments and commissions, said that in the final analysis, the key to Xizang's development lies in talented people. And the key to bringing up talented people lies in education.

Comrade (Piao Shengyi), responsible person of the joint investigation group and director of the Nationality Education Department of the State Education Commission, said that central leading comrades are very much concerned about Xizang's development. They believe that Xizang is a very special area in the country. With its special economic conditions, Xizang's education must be special as well.

In their suggestions for the second work conference on assisting Xizang by the central authorities and all provinces and municipalities, central leading comrades stressed that the second work conference on assisting Xizang must focus on education, and resolving problems of ideology, principles, policies, and measures and some practical problems about education. They held that if these problems cannot be properly resolved, structural reform, replacement of the old by the new, the development of a commodity economy, and development of tourism will become empty talk.

The aim of the joint investigation group is to investigate the real situation in Xizang's education system, to listen to opinions of Xizang leaders and comrades of the relevant departments, to conduct a systematic and comprehensive study, and to make preparations for the second work conference on assisting Xizang

(Piao Shengyi) said: In the course of investigation, we noticed that Xizang had gained some successful and good experiences in developing education. These experiences must be applied and promoted continuously. Zhanang County's experience in developing education is good. If we sum up and promote the experience, it will be beneficial to developing Xizang's education system. On the whole, over the past few years the central leadership has adopted the principle of developing free education among minority nationalities, with money basically invested by the state, and the principle of walking on two legs in Xizang, which has never been adopted in other areas of the country. This will greatly promote the development of education in Xizang. However, for various reasons, education is still the weak point in Xizang. After our investigation and study, we will have some tentative ideas and will have taken some action to change this backward situation. We will sort out the information and report it to the central leadership so as to provide reference materials to the central leadership for formulating Xizang assistance plans.

What are the keys to properly developing education?

Comrade (Piao Shengyi) believes that to properly develop education, it is necessary to carry out the following three tasks at least:

1. Leaders must attach importance to education, implement instructions and resolutions of the central leadership on reform of the education structure, correctly handle the internal and external relationships of education, and grasp education as a systematic project.

2. Management personnel must be experts at education, genuinely know scientific management of education and teaching, and ensure the implementation of educational ideology and a teaching system in all fields in accordance with Xizang's reality.

3. The quality and quantity of teachers must be ensured.

With the fulfilment of the above three tasks, all other problems can be properly resolved and Xizang can produce a large number of talented people, and a large number of talented people of a minority nationality.

In conclusion, Comrade (Piao Shengyi) said that Xizang is now in its best period of development. With the importance the central and Xizang leadership has attached to Xizang and with the joint efforts made by leaders at all levels and teachers and staff on the educational front in Xizang, there are bright prospects for developing Xizang's education system.

NORTH REGION

NEI MONGGOL HOLDS ECONOMIC INSPECTION CONFERENCE

SK130502 Hohhot Nei Monggol Regional Service in Mandarin 2200 GMT 12 Aug

[Text] It has been learned at the regional economic inspection work conference being held in Hohhot that since the beginning of this year, our region has achieved prominent progress in its economic inspection work and succeeded in dealing effective blows to economic criminal acts and in guaranteeing the smooth advance of reform and economic construction.

According to statistics, in the first half of this year, the procuratorial organs at all levels throughout the region accepted a total of 571 economic cases, filed 357 cases for investigation, and completed the handling of 38 cases, and recovered some 4.33 million yuan in economic losses, an increase of 3.97 million yuan over the corresponding period of last year. One of the important reasons for the region's remarkable achievements in economic inspection work is that party committees at all levels have strengthened leadership over the work of dealing blows to economic crimes, and adopted effective measures to boost the enthusiasm of the relevant departments and units as well as the masses in struggling against economic offenses.

The procuratorial organs at all levels throughout the region have considered the struggle against serious economic offences as their important task while dealing blows to serious criminal crimes, have the courage to investigate and handle the cases, and taken the initiative in ending the situation in which there are many criminal incidents but few of them are put on file, and it takes a long time to handle a case and the struggle against crimes is ineffective. The quality of handling cases has notably improved.

TIANJIN DISCIPLINE INSPECTION CONFERENCE ENDS

SK130554 Tianjin TIANJIN RIBAO in Chinese 1 Aug 86 p 1

[Excerpts] After a 3-day session, the Tianjin Municipal conference to exchange experiences in discipline inspection work concluded on 31 July. The conference emphatically pointed out that the municipality should focus party rectification in the latter half of this year on straightening out unhealthy practices of various trades.

Wu Zhen, deputy secretary of the municipal party committee, delivered a speech at yesterday's conference. Zhang Dinghua, Standing Committee member of the municipal party committee and secretary of the municipal Discipline Inspection Commission, delivered a report at the conference. [passage omitted]

In his report, Comrade Zhang Dinghua put forward the major tasks for correcting party style in the latter half of this year. He pointed out: We should proceed from reality to grasp major contradictions in order to correct unhealthy practices of various trades. Leading organs and cadres should take the initiative in grasping the work. We should link the correction of unhealthy practices of various trades, we should persistently carry out education, firmly rely on the masses, pay attention to grasping policies, and guard against the practice of carrying out the work in a rush manner. Party committees at all levels should place investigating and handling major and appalling cases on their major work agenda, firmly attend to investigating and handling these cases, do a good job in consolidating discipline, and deeply carry out the education on party spirit, party style, and party discipline. [passage omitted]

HEILONGJIANG CITY PUNISHES 29 PARTY CADRES

HK130937 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1254 GMT 11 Aug 86

[Text] Harbin, 11 Aug (ZHONGGUO XINWEN SHE) -- A few days ago, the Discipline Inspection Commission of Harbin City, Heilongjiang Province, gave party disciplinary warnings to 5 cadres at the bureau level, 16 cadres at the departmental level, and 8 party member cadres who were all involved in 8 cases of violating the law and discipline.

According to HEILONGJIANG RIBAO, the eight cases are: The case of Wang Tai, former deputy secretary of the leading party group and deputy head of the city's Industry and Commerce Bureau, and four other cadres at the bureau and departmental levels of the bureau who helped Bao Lianyu, Wang Xingguo, and other persons of Huaxia company commit the crimes of swindling, speculation, and profiteering; the criminal case involving Guo Guangsen, an employee of Beifang trading company, as well as Wang Zhonglu, deputy secretary of the party committee, and eight other party member cadres of Jingwei Street Subdistrict Office in Daoli District of Harbin City; the case of the harboring of criminals by Yu Shuzhen, head of the indictment, investigation, and prosecution section of the People's Procuratorate of Daoli District, and six other cadres; the case involving some leading cadres of the city's gas company who abused their power to extort apartments; the case of the harboring of stolen goods by Lu Zhanyuan, an auditor and deputy head of a department of the city's Auditing Bureau; the case of the embezzling of public property by Wang Zhenlu, head of the Pingfang District Economic and Planning Committee of the city; the case of the engaging in corruption and speculation and taking of bribes by Chu Chengzhi, head of the city's Gardening Bureau; and the case of dereliction of duty by Xiao Qingfang, former head of the Market Department of the city's Industry and Commerce Bureau. These cases involved a total of 29 party members. Of those, 11 were expelled from the party, 4 were placed on probation within the party, and others were given disciplinary warnings. Seven of those who committed offenses against the law have been arrested.

LIAONING REPORTS DECLINE IN INDIVIDUAL ECONOMY

SK140443 Shenyang LIAONING RIBAO in Chinese 3 Aug 86 p 1

[Text] As has been learned from departments concerned, a downward trend appeared in the first half of this year in the development of the individual sector of the rural economy. By the end of June, the number of individual industrial and commercial households in the rural areas throughout the province had shown a decline of nearly 9.4 percent as compared with the year-end number of 1985, and the number of employees dropped by 6.1 percent. This resulted in a sharp decrease in the output value and profits of the individual sector of the economy.

Before the downward trend appeared at the end of last year, the individual sector of the rural economy of our province had always shown a rapid development. Since the beginning of this year, it has declined every month, with the average monthly decrease of its output value being more than 3 percent during the January-June period. Among the 13 cities of the province, 11 have witnessed a decline, and only Jinzhou, Tieling and Liaoyang managed to maintain the same level. As far as the trades engaged in by individual industrial and commercial households are concerned, decreases were also ubiquitous. [paragraph continues]

Industry dropped by 5.5 percent, communications and transportation by 4.9 percent, building industry by 13.8 percent, commerce by 9.1 percent, catering trade by 7.5 percent, service trade by 6.9 percent, repair trade by 4.1 percent, and others by 9.2 percent.

According to responsible comrades of the departments concerned, the decline of the number and output value of the rural individual industrial and commercial households in so many localities and trades, for so long a period and by such a large margin was unprecedented in the development of our province's individual sector of the economy. At present, party and government leaders at all levels, and all pertinent departments have paid great attention to such depression, and has taken or are taking measures to support and ensure the development of the individual sector of the economy. An upward trend began to emerge in mid-June.

LIAONING SECRETARY AT EMERGENCY ANTIFLOOD MEETING

SK140146 Shenyang LIAONING RIBAO in Chinese 2 Aug 86 p 1

[Excerpts] "From now on, antiflood and emergency rescue work will be the major work of the province. All cities and counties concerned must overcome carelessness and fear of difficulty, go all out, and embark on practical work rapidly to make sure that no major problem will arise in this year's flooding season." This was a call issued by the provincial party committee and government to cadres and people throughout the province at an emergency antiflood work conference held on the morning of 1 August.

Quan Shuren, secretary of the provincial party committee; Li Changchun, provincial acting governor; Sun Qi, deputy secretary of the provincial party committee; Feng Yousong; vice chairman of the provincial People's Congress Standing Committee; and Bai Lichen and Peng Xiangsong, provincial vice governors, attended the conference.

The situation in rain and flood was analyzed at the conference. This year, our province entered the major flooding season a half month earlier than in normal years. [passage omitted] As of 25 July, 1.88 million mu of farmland throughout the province had been damaged; more than 9,000 rooms had been flooded; 916 rooms had collapsed; 11 people had died; and 160 check dams and small reservoirs, 86 bridges, culverts, and sluice gates, and 355 sections of medium and small river dikes had been destroyed. [passage omitted]

The conference held that a crucial moment had come for our province's antiflood and emergency rescue work. All cities and counties (districts) should shift their major efforts to this work. The major areas of the current antiflood work are the mainstream of Liao He, and the Ai He Valley. All localities should assign every person clearly defined responsibility, resolutely investigate and strictly punish those who neglect their duties, and never be overlenient toward them. Manpower and materials should be pooled to guard the section from Qinghekou to Fudedian of the Liao He mainstream which has poor antiflood capacity, and major leading persons at all levels should personally go to the dikes to help work. Forces should be organized to repair, reinforce and heighten dangerous sections of river dikes day and night. Evacuation of the residents in flooded land, and the masses in dangerous areas should be stepped up. Proper arrangement should be made for flood-afflicted people. All water drainage stations should be started to drain waterlogged farmland so as to minimize losses.

The conference urged cadres at all levels, party members and CYL members throughout the province to swing into action, work on the forefront of the antiflood and emergency rescue work together with the masses, and win a success in it.

LIAONING MEETING ON RECTIFYING PARTY STYLE

SK131248 Liaoning LIAONING RIBAO in Chinese 20 Jul 86 p 1

[Text] The conference held by the provincial party committee to exchange experiences in rectifying the party style of the provincial-level organs and checking the unhealthy trends of various trades came to an end on 17 July.

More than 150 people, including responsible comrades of party groups (party committees) of various provincial-level departments and bureaus, attended the conference. Also attending were Quan Shuren, secretary of the provincial party committee; Sun Qi, deputy secretary of the provincial party committee; Chen Suzhi, Standing Committee member of the provincial party committee; Gao Zi, secretary of the provincial Discipline Inspection Commission; and Xu Shaofu, chairman of the provincial CPPCC Committee.

The provincial Post and Telecommunications Bureua, the Shenyang City Tax Bureau, and the provincial Agricultural Bank introduced their experiences in checking unhealthy trends in their own trades. Comrades attending the conference held discussions and exchanged their views on checking unhealthy trends. In their speeches, responsible comrades of many units unanimously held that the so-called unhealthy trends of various trades mainly refer to the abominable acts of seeking personal gains by abusing the power and position of each specific trade or department. The unhealthy trends of various trades have directly harmed the prestige of the party and government, polluted the party style and social conduct, and obstructed the smooth progress in reform and building the two civilizations. Various departments under the provincial-level organs should take the lead in checking such unhealthy trends and set an example for the people throughout the province.

Quan Shuren, secretary of the provincial party committee, gave a speech at the conference. He first affirmed the achievements scored by the provincial-level organs in rectifying party style in the past 6 months or so. He said: A good situation in which the whole party has grasped party style has emerged. The leading bodies of many units have enhanced their initiative in rectifying party style and listed the work of grasping party style on the agenda of their leading bodies. We have basically checked the six kinds of unhealthy trends pointed out by the central authorities, and investigated and checked such unhealthy trends as scrambling for the purchase of sedans, visiting foreign countries in violation of regulations, damaging the national and personal dignity, engaging in commerce and running enterprises on the party of party and goverment organs, using public funds for sightseeing, engaging in lavish wining and dining, and wasting money freely. Many of them have been checked and the work style of leading organs and cadres has improved. They began to display their exemplary role. A great number of major and appalling cases have been investigated and checked and unhealthy trends in various trades have been attended to. Some units have gained good experiences in this regard.

While referring to rectifying the party style of the provincial-level organs in the seconf half of the year, Comrade Quan Shuren stressed: It is necessary to grasp the issues which the people complain about frequently and to grasp them to the end until they are resolved. [paragraph continues]

The party members and cadres of the provincial-level organs should proceed from their initiative and should begin the work in their own units. They should continue to investigate and handle major and appalling cases on the one hand while checking unhealthy trends on the other.

Comrade Quan Shuren gave his opinions on checking the unhealthy trends of various trades:

First, we should understand that the work of checking unhealthy trends, whether good or bad, is an important indicator for judging party style and social conduct. All trades and professions and the party committees and party groups of various departments and units should realize that the work of checking the unhealthy trends of various trades has a vital bearing on the party, government and the broad masses of people and that the main prupose of this work is to make all trades serve the people wholeheartedly. It is necessary to conduct intensive investigations and study, find out the major problems in one's own department or unit, solve them realistically until good results are achieved, and guard against superficial work.

Second, leaders of all trades and professions should take the lead in checking unhealthy trends. Leaders should first check their own unhealthy trends. The word "own" also implies to the leading organs. Leaders then should also adhere to principles and should guard against covering up their shortcomings, vying with one another for benefits, and fearing to expose their shameful acts.

Third, while checking the unhealthy trends of various trades, we should depend on the masses, not only those in enterpriese but also those in society. We should be prudent while seeking opinions from the consumers and the masses and eliminate their misgivings through concrete deeds.

Fourth, the work of checking unhealthy trends in various trades should be integrated with the exemplary role of the leading organs and leading cadres.

Fifth, we should do a good job in building the contingents of various trades and in establishing systems. First of all, we should conduct ideological educaton on party spirit and cherishing the people among party members and cadres, and fundamentally improve their political awareness. Second, we should conduct education on discipline, professional ethics, and the legal system among workers, and establish a habit of observing discipline and the law and serving the people. Furthermore, we should set and improve the standards, regulations and systems governing professional ethics, so that the broad masses of cadres and workers will have regulations and the law to follow and will supervise one another in the course of observing them.

GANSU RADIO ON POLITICAL ROLE OF RETIRED CADRES

HK140251 Lanzhou Provincial Service in Mandarin 2200 GMT 13 Aug 86

["Chat for Everybody" by (Shen Pixiang): "There Should Be a Little Less Political Care of This Kind"]

[Text] Large numbers of veteran cadres have retired to the second and third lines in recent years. These comrades now have less work, lighter burdens, and more time. They can do some investigation and study, or else cultivate their gardens. This is advantageous for their units and for themselves.

However, the leaders of certain units show excessive political care for veteran cadres in order to express respect for them. For instance, they often invite the veterans to attend conferences and so on. Some veteran cadres attend a variety of meetings every week, dealing with party affairs, administration, and logistics.

This intention of respecting the veteran cadres is not bad, but it also has some side effects. For instance, if the veteran cadres who have retired to the second line often attend meetings and make speeches there, people may get the impression that these veterans are not reconciled to life in the second line and that they want to interfere whenever a problem crops up. On the other hand, if the new cadres go too far in modestly declining to speak, this is prone to give people the wrong impression that they cannot do without their crutches and are not working hard to create a new situation. In this way it is difficult to form a vigorous new leadership core.

To avoid this phenomenon, it is first necessary to encourage the new cadres to be bold in taking responsibility and in working. The veteran cadres should in general not attend unnecessary meetings. In addition, the veteran cadres should avoid interfering in the work of the new cadres, but instead give them free rein to advance on their own.

QINGHAI MEETING URGES DEVELOPING HAIXI REGION

HK130939 Xining Qinghai Provincial Service in Mandarin 2230 GMT 11 Aug 86

[Text] A conference on work in the Haixi region, convened by the provincial CPC Committee and government, concluded at Delingha on the morning of 11 August. The conference proposed that during the period from the Seventh 5-Year Plan to the end of this century, the Haixi region must adhere to the principle of reform, opening up, and enlivening; strengthen the agricultural foundation; exploit resources which are the region's strong points; enhance its economic strength; and lay a good foundation for large-scale development in the future.

The conference decided on the guidelines and principles for economic and social development in the Haixi region during the Seventh 5-Year Plan, put forth goals of endeavor, and formulated relevant policies and measures.

Proceeding from the overall situation of the province's economic construction, over 100 comrades attending the conference seriously analyzed the actual conditions in the Haixi region, and unanimously believed that to invigorate Qinghai, Haixi must shoulder a heavy responsibility. Haixi covers an extensive area, abounds in mineral resources, has transport facilities, and has great potential in the development of agriculture and animal husbandry. Over the past 30-odd years, Haixi has achieved great development in all fields, with a stable society and unity between various nationalities.

All this has laid a good foundation for further development.

The conference held that at present, the main obstacles to developing Haixi are a shortage of funds and talented people and the lack of vitality in economic development. The fundamental method for resolving these problems is to develop agriculture and animal husbandry first, so as to resolve the problems of the supply of agricultural, animal husbandry, and sideline products. It is necessary to adhere to the principle of the state, the collective, and the individual exploiting natural resources of salt lakes, petroleum, asbestos, [words indistinct] and sand, which are Haixi's strong points, so as to achieve faster and better results. In arranging construction projects, it is necessary to proceed from local conditions, to develop local economy centered on large industries, and to support construction of the state's priority projects. Key enterprises must promote development of local industry.

After analyzing Haixi's current situation, the conference believed that in the near future, Haixi Prefecture must, focusing on the central task of exploiting natural resources, mainly grasp concrete tasks, namely, communications and energy construction; intellectual development; tapping the potentials of enterprises and transforming enterprises; establishing the service system; and formulating overall development plans.

The conference believed that to invigorate Haixi's economy, it is necessary to adopt policies which can help speed up development of natural resources. In the future, the provincial authorities will relax control of the level of capital construction and power limitations for management and exploitation of mineral resources in the Haixi region, and will give necessary financial assistance to the region. In the next 3 years, grain departments must procure all commodity grain produced by the Haixi region which meets prescribed targets. Except for agricultural tax, farms and peasants should be exempt for 3 years from taxes on the agricultural and sideline products they sell. In accordance with actual conditions in the autonomous prefecture, Haixi Autonomous Prefecture may formulate some flexible policies to raise more funds to boost production.

Provincial CPC Committee Secretary Yin Kesheng; Provincial Governor Song Ruixiang; Han Yingxuan, Chen Yunfeng, and (Tan Zhengren), Standing Committee members of the provincial CPC Committee; and Vice Governors Han Fucai and Wu Chengzhi attended the conference from beginning to end and also delivered speeches.

In their speeches, Yin Keshing and Song Ruixiang demanded that functional departments and leaders at all levels in the province view developing Haixi from a strategic approach, and support construction of Haixi in all fields. People of various nationalities in Haixi must carry forward the hard-working spirit of the Qaidam people, grasp reform and circulation with a scientific approach and in a scientific way, lay a solid foundation, and turn Haixi's strong points in resources into economic strong points as quickly as possible, so as to enrich the province, the autonomous prefecture, and the people.

CHIANG CHING-KUO LETTER TO DENG XIAOPING DENIED

OW131149 Tokyo KYODO in English 1127 GMT 13 Aug 86

[Text] Hong Kong, Aug 13 KYODO -- A prominent Chinese woman living in the United States has denied reports that she delivered a letter from Taiwanese President Chiang Ching-kuo to senior Chinese leader Deng Xiaoping, a Taiwanese newspaper said Monday. The newspaper, INDEPENDENT EVENING POST, quoted the woman, Chen Hsiang-mei, the widow of a U.S. general, as saying she had not delivered any letter, though she has had talks with the leaders of China, Taiwan, South Korea and the United States.

The earlier report, in CHING PAO, a Chinese-languange monthly magazine published in Hong Kong, said she had delivered a letter from Chiang urging Deng to agree to talks on the reunificiation of Taiwan and China. Chen was also quoted as saying in the telephone interview with INDEPENDENT EVENING POST that the time is not ripe for negotiations on the reunification of China and Taiwan. She said she will fly to Taipei Thursday.

The CHING PAO reported earlier this month that Chen had acted as a messenger in delivering the letter to Deng in which Chiang stated six conditions for peace talks.

FOREIGN EXCHANGE NEEDS EFFECTIVE UTILIZATION

OW140555 Taipei CNA in English 0255 GMT 14 Aug 86

[Text] Taipei, Aug. 13 (CNA) -- The Control Yuan passed a resolution Wednesday calling on the government to work out concrete measures to effectively utilise the nation's huge foreign exchange reserves, which have recently accumulated to U.S. $32 billion. The Control Yuan's Committee on Financial Affairs, at a meeting Wednesday, also decided to entrust the Ministry of Audit to investigate and find out if the government is effectively utilizing the nation's foreign exchange reserves and their interests, and to make a detailed report on this subject to the committee.

At the meeting, two Control Yuan members, Yu Ching and Ma Kun-chun, also brought up their investigation report saying that over 85 percent of the nation's foreign exchange reserves are being deposited in foreign banks in the form of U.S. dollars. The interests accrued from these saving deposits have declined sharply in recent months as a result of the devaluation of the greenback, they said. Yu and Ma accused the government of failing to apply its foreign exchange reserves to make more investments in public construction projects and to promote the overall economic development. Although the Central Bank of China has adopted several measures to improve its management of foreign exchange reserves, those measures were not very effective in digesting the excessive reserves, they said.

They suggested that the government loosen its foreign exhcange controls, allow free transactions of gold and silver, increase imports to this nation, encourage domestic businessmen to make overseas investments, and allow the people to engage in foreign exchange transactions and buy foreign bonds as a means of improving its management of foreign exchange reserves.

The Control Yuan also decided to invite the chiefs of the nation's economic and financial agencies to report on the government's present finanicial and economic policies.

MOF TO OFFER TAX CREDITS TO FOREIGN FIRMS

OW140541 Taipei CNA in English 0325 GMT 14 Aug 86

[Text] Taipei, Aug. 14 (CNA) — The Ministry of Finance (MOF) has for the first time decided to offer all foreign-invested manufacturing enterprises in Taiwan production investment incentives. The recent MOF decision will help liberalize the local economic climate while encouraging foreign investment in local production facilities. Under the plan, any foreign-invested firm engaged in production here is eligible for a five-year tax holiday as described in the statute for encouragement of investment. According to an MOF official, the broadening of the statute's scope is to attract more investment by internationally distinguished firms.

The incentive will give individuals or manufacturing enterprises investing in high-tech industries tax credits of 30 percent against their personal consolidated income tax or business income tax. The tax credit rate for investments in venture capital is 20 percent.

COMMENTARY FAVORS OUTCOME OF TALKS WITH U.S.

OW140143 Taipei CNA in English 1404 GMT 13 Aug 86

[Text] Taipei, Aug. 13 (CNA) — The following is a commentary by the Broadcasting Corporation of China (BCC) in Taipei entitled "A Blessing in Disguise."

The Republic of China [ROC] and the United States concluded a three-day trade consultation meeting in Washington last week. As the talks started with the ROC holding few cards in its hands, it surprised nobody that the Chinese side did most of the giving and the U.S. did most of the asking.

As the bilateral trade has been lopsided in ROC's favor, the Chinese delegation agreed to drastically lower tariffs on many American products, thus enabling them to enter the Taiwan markets with greater competitiveness. The ROC delegation also agreed to call off the newly introduced duty-paying scheme in October, under which tariffs on imported goods are calculated by administrative procedures rather than on their transaction value, although American goods are exempted from the ruling. In exchange for the Chinese concession, the U.S. decided not to take retaliatory measures against Taiwan imports.

The Chinese side also agreed to let four American insurance companies to enter the Taiwan market and allow American banks in Taiwan to participate in joint debit card banking operations. The only gain the ROC delegation got at the trade parley is that it succeeded in obtaining favorable duty treatment worth 1.8 billion dollars for Taiwan exports to the U.S. market.

The talks did not settle all the disputes. Some issues remain to be ironed out in further discussions later on. They include U.S. request that the ROC voluntarily restrain its export of machine tools; the abolition of its export performance requirement in joint venture, rice and grain agreements; intermobile service; and the establishment of a trade dispute settlement mechanism.

In anticipation of the outcome of the trade talks, share prices in Taiwan's stoc market plunged by over 100 points before the conclusion of the parley, as manufacturers fretted about the consequences and investor's confidence was badly shaken.

There is no doubt that accelerated opening of the Taiwan market to foreign competition will have some adverse effects on industries not yet ready for it. Some businesses are expected to fold up as a result. However, trade liberalization and internationalization has been a government policy for a couple of years. What is regarded as "concessions" on the Chinese side is in line with that policy.

The Washington trade talks only served to speed up the process of liberalization and internationalization. It may hurt in the short term but will beneift the ROC industry over the long run, as it will force them to make the necessary adjustments to meet foreign competition sooner than they had wanted. The situation is not unlike that of doting parents wishing to shelter their children for as long as possible before they stand on their own feet. Since the parental protection will be shortened, the children will have to acquire the ability to live without parental care sooner. It will be for their good that they should do so without further delay.

CHINA POST ON TRADE NEGOTIATIONS WITH U.S.

OW131225 Taipei CHINA POST in English 10 Aug 86 p 4

[Editorial: "The Real Meaning of Trade Negotiations With the United States"]

[Text] Our trade negotiations with the United States held in Washington are of course a matter of great importance. However, we should try to understand them in the proper perspective. We should view them as a further step toward economic liberalization and internationalization on our part. We should not view them as a bargaining device to gain something at the expense of the United States.

As we all know, the fundamental problem which the trade negotiators are trying to resolve is the matter of the trade imbalance. Our exports to the United States have been and still are, far in excess of our imports from the United States. Last year we sold US$14,773 million worth of goods to the United States, yet we bought only US$4,746 million worth of goods from them. Thus we had a favorable trade balance of US$10,027 million. This year our trade surplus has so far become even bigger.

The protectionists in the United States have argued that our exports have cost American jobs and hurt their industries, especially in the case of textiles and shoes. It does not matter whether their argument is valid or not. What matters is that they nave a way to make their influence felt in the Congress especially in an election year such as this year. The protectionist approach to solving the trade balance problem is to reduce our exports to the United States, and in order to achieve this goal they advocate imposing quotas or raising tarriffs on our products. This is the logic or motive behind the various bills or proposals passed by Congress.

The White House has resisted these proposals on grounds that they are truly protectionist proposals. Such proposals would benefit only certain inefficient industries under protection at the expense of consumers and other industries, especially export industries. Consumers would have to pay higher prices and American exports to the ROC would eventually fall if we were not allowed to earn enough American dollars to buy American goods.

So the White House prefers adopting another approach to the trade balance problem with us. They would like to sell more American goods to us by asking us to lower our tarriffs or relax whatever restrictions there may be on imports.

Whether or not the White House can stop the protectionist tide in Congress in the long run depends on whether the White House can convince the legislators that its approach can indeed narrow the United States' unfavorable balance of trade. The result of the recent vote by the House of Representatives which sustained President Reagan's veto of a bill that would have protected the U.S. textile industry from foreign imports, including those of Taiwan, is of course welcome news.

Where does our national interest lie in this matter? In reducing our exports? Or in increasing our imports? Since we rely on exports so much for our economic growth, we surely do not want to see our exports curtailed drastically. Besides, there are so many small and medium firms that rely on exports, that any drastic decline in exports would hurt them severely, since their ability to absorb losses is rather limited.

Who would gain or lose if we were to lower our tariffs and increase our imports? Local consumers would obviously stand to gain. Those industries which use imported raw materials or machinery for production would also stand to gain. But those industries which have been protected by high tariffs would suffer -- some in the short run and some permanently.

Our policy makers have to decide whose interests should be promoted, whether those of the exporters, the consumers or the industries under protection. They have to make such a choice, however painful, because our trade surplus with the United States has got to be reduced.

In our view, we should not do too much that would curtail or slow down our exports. We firmly believe that we should take bold steps to lower our tariffs and remove import restrictions. For industries which have established themselves as leaders in the world market such as textiles and shoes, what reason is there that we should continue to protect them and let our consumers continue to suffer? For industries which have been under protection for years and still can not stand on their own feet, what reason is there that we should continue to prolong their inefficiency at the expense of consumers? For industries which have indicated that they are prepared to withstand foreign competition, why not give the consuming public a little break by increasing imports which will only further improve the vitality of these industries?

We believe our government's fundamental policy of economic liberalization and internationalization is sound and should be carried out quickly and boldly. It will mean sharpening the competitiveness of our industries. It will mean fair play for our consumers. It will mean a more efficient allocation of our resources by weeding out inefficient firms and industries.

If the trade negotiations in Washington help speed up the process of import liberalization on our part, this will be good for us, for import liberalization is what economic liberalization and internationalization is all about. Import liberalization will serve our national interest and should be pursued regardless of whether there is any pressure from the United States. So let us be positive and view the trade negotiations with the United States in good spirits.

NEW WANG RUOSHUI BOOK ON HUMANISM PUBLISHED

HK130943 Hong Kong HSIN WAN PAO in Chinese 11 Aug 86 p 4

["Special Dispatch" from Beijing: "Wang Ruoshui's New Book 'Apology for Humanism' Published"]

[Text] The Joint Publishing Company released Wang Ruoshui's new book "Apology for Humanism" yesterday. The book has captured people's attention here because it collects the author's discussions with CPC leader Hu Qiaomu the latter's article "On Humanism and Alienation."

Wang Ruoshui is a world-famous theorist. Three years ago, his and others' views on humanism and alienation gave rise to a grand debate. He was removed from his post as deputy chief editor of RENMIN RIBAO.

"Apology for Humanism" is a book of 190,000 characters, collecting 22 of Wang Ruoshui's reports and theoretical articles written since 1978. The articles are grouped into three sections. The first concerns ideological emancipation and democracy; the second is on the debate on "the unity between thinking and existence"; and the third is on "humanism and alienation", in which are collected six articles by Wang Ruoshui written since 1980. In the preface to the book, he says: "The two articles 'On Revolutionary Humanism' and 'My View of Humanism' were written as discussions with Comrade Hu Qiaomu." "I hope these articles will stimulate further discussions, and I welcome readers' criticisms. I am responsible for every word have written."

'SERIOUS DOUBT' OVER TAIWAN REUNIFICATION OFFER

HK140028 Hong Kong SOUTH CHINA MORNING POST in English 12 Aug 86 p 8

[By David Chen]

[Text] China specialists have expressed serious doubts over a report in a leftwing Hong Kong magazine that President Chiang Ching-kuo of Taiwan had proposed a six-point program as a prelude to talks with the mainland on reunification.

Leftwing sources in Hong Kong said they had no knowledge of the reported offer.

A spokesman for Taiwan's General Information Office told the SOUTH CHINA MORNING POST yesterday that the report was "absolutely groundless" and Mrs Anna Chennault, who was named in the report as having passed on the proposals, denied all knowledge of it.

Most analysts thought that the reported offer to manage six eastern provinces on the mainland so preposterous as to make the whole suggestion unconvincing.

The six provinces mentioned in the MIRROR article were Guangdong, Fujian, Zhejiang, Jiangsu, Shandong and Hebei, the most prosperous in China and the mainstay of its economy. The are also the ancestral home of the Chiang family.

The article claimed that the proposal was transmitted to the mainland by Mrs Chennault, widow of General Claire Chennault of wartime Flying Tiger fame. Mrs Chennault, whose maiden name is Chen Xiangmei (or Chan Heung-mui in Cantonese), is the niece of the late Mr Liao Chengzhi, vice-chairman of China's National People's Congress.

"If the mainland acceded to this suggestion," said one analyst, "it would mean the communists were allowing the nationalists to take over the mainland."

The suggestion, though preposterous, is not new. When the then Chairman of the National People's Congress, Marshal Ye Jianying, proposed a nine-point program for reunification, some nationalists and pro-Taiwan elements frivolously suggested that the mainland should allow the nationalist to manage one province to show which system was superior.

That suggestion was never taken seriously. An equally far-fetched notion, that China should allow Hong Kong to run Shenzhen, was mooted at the height of the Sino-British negotiations on Hong Kong's future. The idea was a non-starter.

Other analysts noted that Mrs Chennault, herself a republican known to be very close to the nationalists, had at one time made a similar suggestion. They believed that the province-ruling proposal, allegedly from President Chiang, could have come from her.

In any case they also noted that Mrs Chennault, who was in Beijing in June and July, was not received by top leaders. It would be unimaginable that none of the top leaders would meet her to receive such an important proposal.

The other five conditions for reunification talks attributed to President Chiang were:

-- The basis of talks must be the revival of the country and not the interest of any particular party.

-- The nationalist flag should be the national flag.

-- The military should not be allowed in politics.

-- All political parties should be allowed unhindered development.

-- All records of negotiations must be made public.

Analysts noted that some of the points were as preposterous as the one suggesting the nationalists should rule the six richest provinces. Beijing would never allow the Kuomintang flag, or any flag bearing its emblem, to fly over the nation.

For a while, the Communist Party might pay lip service to the idea of allowing parties of all hues to develop on their own, but it would remain to be seen just how much freedom these parties would be given.

There is less controversy over the other points, but these do not seriously affect the interests of either party.

While the report appeared far less credible than others which characterise the magazine, analysts are curious about why it was published at this time.

One school of thought was that if President Chiang had made the proposals, he would have done so only in order to have them rejected. He could then blame the communists.

Others disagree. If President Chiang had made such proposals, including running China's best provinces, he would be seen as deliberately refusing to go to the conference table by making unacceptable requests.

If President Chiang did not make the proposals, then the inference must be that leftwingers concocted them. Some analysts suggested they "floated" the suggestions to test the waters in Taipei -- and not merely at the periphery of the Kuomintang headquarters.

In the past few months, those who oppose the Kuomintang (generally known as Tangwai, those outside the party) have been more than making their presence felt and President Chiang, in what amounted to a revolutionary act, allowed the Tangwai to establish their own office, in essence acknowledging their existence.

For the communists, this would mean that any reunification talks would not exclude this third element, which is nebulous in composition and whose loyalty has never been explicitly expressed, to say the least. This extra element could be an additional obstacle in the bilateral talks, which have always been envisaged as taking place between the two contesting parties, the nationalists and the communists.

Any suggestion that the Kuomintang was prepared to go to the conference table, however impossible its terms, would be a blow to the fledgling Tangwai.

The article in the MIRROR therefore could be directed at this small but growing political group on the island.

Meanwhile, analysts also noticed that the two sides are closer now than they have ever been since the Kuomintang took refuge on the island.

Five years after Marshal Ye put forward his nine-point proposal for reunification (he made his historic statement on the eve of Beijing's national day in 1981), unofficial contacts are an open secret.

Many Taiwan residents of repute have visited the mainland and, although they are warned not to pass on their experiences, the people on Taiwan inevitably know very much more about life across the Taiwan Strait than before.

Taiwan officials are also known to have visited Fujian Province and discussed local matters.

HONG KONG ACADEMICS VISIT PRC SATELLITE CENTER

HK131231 Hong Kong TA KUNG PAO in Chinese 11 Aug 86 p 1

[Report: "Hong Kong Academics Visit Xichang Satellite Launching Center for the First Time"]

[Text] On 3 August, a group of people from Hong Kong academic circles visited the Xichang Satellite Launching Center in Sichuan. They were accorded a warm reception by Hou Fu, director of the launching center. They also looked at the various advanced facilities at the center.

This is the first group of Hong Kong visitors to have visited the center.

Xichang City is the capital of Liangshan Yi Autonomous Prefecture. It has attractive scenery and the people there are both simple and honest. The satellite launching center is located between Daliang Shan and Xiaoliang Shan and all the facilities have been built through self-reliance.

The academics visited the test area, the launching area, the command and control area, and the observation area, and were acquainted with the process of using the "Changzheng No 3" carrier rocket to launch geostationary satellites. The advanced equipment in the center and its good management left a deep impression on the visitors.

The "Changcheng Industrial Corporation" of the Ministry of Astronautics is holding talks with Sweden, the United States, and many other Western countries on using the "Changzheng No 3" rocket to launch satellites for these countries. A responsible person of the center said that the shift in the technological force would enable China's astronautic undertaking to serve the four modernizations program more satisfactorily. The center has not been officially opened to the outside world.

Article Describes Center

HK131233 Hong Kong TA KUNG PAO in Chinese 11 Aug 86 p 2

["Feature Article" by Yeh Chung-min: "A New Star in International Astronautic Circles -- a Visit to the Xichang Satellite Launching Center To See the 'Changzheng No 3' Rocket (Part 1)"]

[Excerpts] At nightfall we boarded a train from Chengdu to Kunming. In the dark night we sensed that the train was speeding along a zigzag mountain track. When we woke up the next morning, we had arrived in Xichang City, elevation 1,500 meters.

We were excited all the way because the train was taking us to a mysterious gorge which had not been officially opened to the outside world -- the Xichang Satellite Launching Center. We were the first group of Hong Kong visitors to visit the center.

The first impression we got when we arrived in Xichang was of its simplicity and quiet. There was not much traffic in the streets and the buildings were not high. Occasionally, one or two girls in minority nationality costume appeared among the crowd. It was a typical scene of a small city man's out-of-the-way place. The capital of Liangshan Yi Autonomous Prefecture, Xichang has a population of 150,000. [passage omitted]

Prior to our visit, senior personnel, scientists, and engineers from eight Western countries had visited this outlying mountain area. Naturally, they had come with a definite purpose.

Since the explosions or accidents involving the American space shuttle and the European "Ariane" rocket, the Chinese "Changzheng No 3" carrier rocket, which has maintained a good record to date, has suddenly become a shining new star in international astronautic circles.

There have been numerous enquiries, indicating intentions of entrusting China with tasks of launching satellites using the "Changzheng No 3" rocket. Last October the Chinese Ministry of Astronautics set up "Changcheng Industrial Corporation" to conduct business in the international market. Since the beginning of this year, the company has signed with Swedish and American companies letters of intent or memorandum agreements on launching communications satellites on their behalf. Talks with some other countries are still going on. [passage omitted]

China began its satellite-laulnching undertaking in the sixties. There are two launching centers in the country: One is in Gansu's Jiuquan and the other is in Sichuan's Xichang. The former chiefly uses the "Changzheng No 2" rocket to launch satellites orbiting at low or intermediate altitudes, while the latter specializes in using the "Changzheng No 3" rocket to launch satellites orbiting at high altitudes. So far, the two centers have sent 17 man-made satellites into the sky.

Why has Xichang, an out-of-the-way place, been chosen as the country's satellite launching center? It so happens that a site for launching geostationary satellites must be provided with two basic conditions: 1) The lower its latitude, the less energy will be consumed in launching satellites; 2) its temperature should not vary greatly during the four seasons of the year and it should have a short rainy season but a long period of sunshine. Therefore, it is necessary to go to the south to look for a site with such conditions. Situated in southwestern Sichuan, Xichang has long been known as a 'moon city.' Pleasantly warm and spring-like all the year round, it has rain only in the third quarter of the year. This, plus the protective screen of numerous hills, a vast territory, and a sparse population, has made Xichang the best site for building a rocket base.

After arriving at the center, we went to the test area first. As we entered the bright, spacious test hall, the magnificent shape of the "Changzheng No 3" rocket suddenly presented itself before our eyes. We went straight to its side, fully appreciating its majestic shape and graceful lines. It is a three-stage rocket, measuring 44 meters from the ends of the four thrusters to the conical tip and weighing 130 tons. Compared with the "Changzheng No 2" rocket, its sister series, it is one stage longer, which also greatly enhances its carrying capacity.

The fuel of a rocket is a key factor. The first and second stages of the "Changzheng No 3" rocket use dinitrogen tetroxide and unsym-dimethylhydrazine [pian er jia jing 0252 0059 3946 3661] as fuel. Soon after launching, the two stages separate themselves from the main body one after anotheer and fall to the ground. The third stage, which carries the satellite and all the precision electronic instruments, uses the most advanced low-temperature, high-energy liquified hydrogen and liquified oxygen as fuel. After entering orbit, the rocket continues to coast for a time with the engine switched off. Then it is automatically ignited for the second time. The fuel continues burning until the satellite is delivered to the destined position. After fulfilling its mission, the third-stage rocket travels on through space without returning to the earth.

The entire process, from ignition of the rocket to delivery of the satellite, lasts 1,248 seconds.

Since the Xichang center began operations, it has successfully delivered three satellites into space with the "Changzheng No 3" rocket. In January 1984 it launched an experiemental, nongeostationary satellite to a height of 6,000 km; in April the same year it launched the first geostationary satellite to a fixed point at a height of 36,000 km; and in February 1986 it launched a second geostationary satellite. The two geostationary satellites have made a major contribution to the development of China's television, radio, and telecommunications undertakings.

It was disclosed that the "Changzheng No 3" rocket and the European "Ariane" rocket are almost on a par in terms of the fuel used and the designs of the thrusters [tui jin qi 2236 6651 0892]. However, from the talks held between the Changcheng Industrial Corporation and foreign countries on the launching of satellites we learned that it would be 10-15 percent cheaper to launch satellites using the "Changzheng No 3" rocket than using the "Ariane" rocket.

ZHONGGUO TONGXUN SHE ON U.S. TRADE PRESSURE ON TAIWAN

HK120755 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1033 GMT 11 Aug 86

[Article by Kai Wen: "Uncle Sam Is No Longer Generous!"]

[Text] Hong Kong, 11 Aug (ZHONGGUO TONGXUN SHE) -- A new round of U.S.-Taiwan trade negotiations held in Washington from 4 to 8 August has ended. Despite Taiwan's claim that these bilateral talks have brought about "mutual concessions" and "gains and losses," Taiwan public opinion has considered Taiwan as the side with "losses outweighing gains" and exclaimed that Uncle Sam is no longer so generous!

Before these talks, the U.S. side had actually put pressure on Taiwan in various ways, such as openly condemning Taiwan's violation of the trade agreement, demanding the immediate abolition of the "price list with taxes paid," threatening "retaliatory" action against Taiwan, calling for Taiwan's revaluation of the Taiwan currency against the U.S. dollar to "a rational rate," and so forth. During the period of negotiations, the U.S. representative especially mobilized a large negotiating team of more than 40 people bringing overall pressure to bear on Taiwan from various angles of U.S.-Taiwan bilateral trade.

It was learned that before the talks, the Taiwan side had already prepared itself for the "greatest concession" and had conveyed its "sincerity" to the U.S. side. But the latter seemed not to be appreciative.

As a result of the current round of negotiations, apart from being forced to agree to reductions of import tariffs from 5 to 50 percent on 58 U.S. products, the Taiwan side also agreed to abolish the "price list with taxes paid" beginning from 1 October this year and to open the door the U.S. insurance companies to extend their scope of operations to Taiwan. As to the problem of foreign exchange rates, restrictions on toolmaker machinery and steel products, the ratio of automobile sales abroad, and so forth, the U.S. side still demanded discussion at chosen dates.

U.S.-Taiwan trade relations have grown ever more tense, chiefly because of an ever expanding balance of trade in favor of Taiwan against the United States in recent years. According to statistics, the accumulated trade balance against the U.S. side in U.S.-Taiwan trade has exceeded 15 billion, causing great dissatisfaction to U.S. trade protectionists and thus arousing strong retaliatory action by the U.S. Administration.

Uncle Sam is no longer so generous as before. What should Taiwan do? In their writings on "a proper awakening in trading with the United States," some Taipei newspapers demand that apart from readjusting domestic financial policies, the authorities must quickly develop more overseas markets and seek new trade partners. It is urged that the authorities should no longer take "market diversification" as a slogan and should explore the "feasibility of a market beyond the United States" to keep the Taiwan economy from being "dictated by others."

It seems that the road of solely relying upon the U.S. market to develop the Taiwan economy has become increasingly narrow.

TROOP WITHDRAWAL FROM MPR 'FIRST TEST' FOR USSR

HK110314 Hong Kong WEN WEI PO in Chinese 11 Aug 86 p 2

[Editorial: "Some Development in Sino-Monogolian Relations"]

[Text] China has made diplomatic contact with Mongolia. PRC Deputy Foreign Minister Liu Shuqing's visit to Mongolia has created a new precedent in more than 20 years of diplomacy. The two sides have made progress after many days of contacts and talks, and have now signed a consular treaty. This shows that both countries wish to develop good-neighborly relations.

Why should this diplomatic contact take place between China and Mongolia? Obviously, it is because in his Vladivostok speech of 28 July, Gorbachev stated that he wanted to withdraw some Soviet troops from Mongolia. Mongolia responded rapidly to Gorbachev's troop withdrawal plan, expressing agreement, and also invited a senior official of the PRC Foreign Ministry to pay a visit. It was against this background that the Chinese Government, taking the approach of listening to what they say and observing what they do, felt that there would be no harm in making contact, and thus dispatched Liu Shuqing on his journey to Mongolia.

As far as Sino-Mongolian relations are concerned, contacts have been going on for a long time, and there have been cultural and sports exchanges in recent years; there have also been trade exchanges, and two-way trade last year totalled $76.5 million. Their first long-term trade agreement, effective 1986-1990, was signed in April. The agreement provides for China to export silk, fruit, and light industrial goods and to import timber, leather, antlers, and similar articles from Mongolia. In civil aviation, Beijing-Ulaanbaatar flights were resumed in June after being suspended for 19 years.

All these exchanges indicate signs of improvement in Sino-Mongolian relations.

However, whether relations can maintain an unswerving development for the better depends on Soviet sincerity about withdrawing troops from the Sino-Soviet border and on the scale of such a withdrawal.

The whole world knows that the three big obstacles hampering an improvement in Sino-Soviet relations are: The stationing of large Soviet forces on the Sino-Mongolian border, which threaten China's security; the Soviet invasion of Afghanistan, which violates the United Nations charter; and Soviet support for Vietnamese aggression against Cambodia, which encourages Vietnam's expansionist ambitions. Sino-Soviet relations can hardly be normalized unless these three factors are eliminated. In February and June this year, Gorbachev expressed the hope that China and the Soviet Union could hold a high-level meeting.

China did not respond to this. China stated that Gorbachev had said something new about improving Sino-Soviet relations in his recent Vladivostok speech, and that it wished to study this. Gorbachev's remarks included his intention to withdraw troops from Mongolia. However, Gorabchev did not explicitly mention how many troops would be withdrawn or give a date for the withdrawal. On his visit to Mongolia, Liu Shiqing conducted a full exchange of views with the Mongolian side on certain international issues of concern; such issues would probably include a Soviet troop withdrawal from Mongolia.

Analyzing Gorbachev's speech, we find that his intention was to raise the question of Asian security for the purpose of vying with the United States for superiority in the pacific. However, a guarantee of security in the Asia-Pacific region must be given with practical deeds, not just stated in words. Apart from withdrawing its large forces from the Sino-Soviet border, the Soviet Union must also eliminate the two hot spots of Afghanistan and Cambodia. At the same time, it should greatly reduce the missiles and nuclear weapons it has deployed. Only then will it truly help to ease the situation.

However, Gorbachev's speech avoided the Afghanistan and Cambodia problems. This means that he is holding something back, because the Soviet Union has built a naval base at Cam Ranh Bay, and its strategy of using Vietnam to expand its strength has not changed.

If the Soviet Union is sincere about improving relations with China, it should translate such sincerity into action by eliminating the three big obstacles hampering an improvement in relations. The troop withdrawal from Mongolia will be the first test.

Although there has been some development in Sino-Mongolian relations, if the Soviet Union fails to live up to its word on troop withdrawal, then the obstacle lying between China and Mongolia cannot be said to have been eliminated by this recent move.

DAILY REPORT

China

I. Vol I No 158

15 August 1986

Effective 18 August the "Hong Kong Media on China" section of the China Daily Report will be renamed "Hong Kong & Macao." It will contain items on Hong Kong and Macao from all sources. Hong Kong media will, henceforth, be treated like all other sources, i.e., items from Hong Kong media will be published in whatever section they concern.

Daily Report Managing Editor

PRC INTERNATIONAL AFFAIRS

GENERAL

Commentary on U.S. Wheat Subsidies, Australian Reaction [GUANGMING RIBAO 7 Aug] A 1
PRC Attends UN Conference on Sea Authorities A 2

UNITED STATES

U.S. Member of Chang Jiang Expedition Dies B 1
CAAC, GE Sign Aircraft Engine Purchase Contract B 1

SOVIET UNION

Gorbachev Remarks 'Far From Removing' Blocks to Ties [CHINA DAILY 14 Aug] C 1
USSR Statistical Delegation Ends Week-Long Visit C 1
Xie Jianqun's Moscow Press Conference Reported C 1
USSR Spokesman Cited on Hopes for U.S. Summit C 3

NORTHEAST ASIA

Nakasone Cancels Visit to Yasukuni Shrine D 1
    PRC Welcomes Cancellation [KYODO] D 1
PRC, North Korea Agree To Establish Consulates [KYODO] D 1
Mongolia To Expand Border Railroad Station D 2
Wu Xueqian Meets Japanese Children's Group D 2

SOUTHEAST ASIA & PACIFIC

Wu Xueqian Congratulates Thai Counterpart E 1
RENMIN RIBAO on Vietnam's Economic Difficulties [10 Aug] E 1
CGDK Meeting Proposes Solution to Cambodian Issue E 2

EASTERN EUROPE

Article Reviews East European Party Congresses H 1
Jiangsu Governor Leaves for Bulgaria Visit [XINHUA RIBAO 5 Aug] H 2

MIDDLE EAST & AFRICA

Bishop Desmond Tutu Continues Visit to PRC I 1
  Feted by Zhao Puchu I 1
  Addresses Beijing Lecture I 1
  Zhao Ziyang Meets Tutu I 2
Chen Muhua Lays Wreath at Tomb in Tanzania I 4
PRC, Tanzania, Zambia Discuss Tazara Railway I 4
  Upgrade Cooperation I 4
Wu Xueqian Meets Outgoing Algerian Ambassador I 5
Cameroon Delegation Honored in Beijing I 5

PRC NATIONAL AFFAIRS

GUANGMING RIBAO on Enterprise Bankruptcy Law [2 Aug] K 1
RENMIN RIBAO on Controlling Capital Construction [7 Aug] K 3
World Bank Loans Aid Key Construction Projects K 4
Hu Qili, Gu Mu Praise Tianjin's Development K 4
Wan Li Addresses Soft Science Symposium K 5
Trends Show Diversified Use of Foreign Capital K 7
  [JINGJI GUANLI 5 Jun]
'Good Sign' Assesses in Foreign Trade Balance K 11
Foreign-Owned Joint Ventures Eligible for Loans K 12
LIAOWANG on Modern Equipment of PLA Corps [28 Jul] K 13
PLA Trading Company Hopes to Expand Exports K 16
  [CHINA DAILY 14 Aug]
Provincial Leaders Write Inscriptions for Album K 17
Fang Yi Meets U.S. Science Talent Winners K 18
Song Jian Addresses Beijing Cybernetics Meeting K 18
Hu Yaobang Meets Hebei Study Session Cadres K 19
Vice Premier Wan Li Views Xinjiang Ropedancing K 19
Qian Zhengying Addresses Power Plant Symposium K 20

PRC REGIONAL AFFAIRS

EAST REGION

Anhui's Wang Yuzhao Addresses Economic Meeting O 1
  [ANHUI RIBAO 31 Jul]
Anhui Court Officials Meeting Sets Goals O 4
Tianjin Mayor Urges Better Art, Literature O 4

CENTRAL-SOUTH REGION

Shenzen Mayor Views Healthy Development of SEZ P 1
Henan Mining Bureau Rectifies Party Work P 1

SOUTHWEST REGION

Chengdu PLA Implements 'Eight Prohibitions' Q 1
Sichuan Holds Conference on Fighting Drought Q 1
Sichuan Mayor Outlines Development Plans Q 2
Sichuan Commends Advanced in Family Planning Q 2

NORTH REGION

Hebei Self-Employed Take Professional Ethics Class R 1
Li Ligong Discusses Shanxi Militia Reform R 1
[SHANXI RIBAO 28 Jul]

NORTHEAST REGION

Jilin Leaders Hear Briefings on Antiflood Fight S 1
Liaoning Provincial Leaders Inspect Poor Areas S 1
Shenyang Military Region Holds Army Day Meeting S 3
[LIAONING RIBAO 1 Aug]

NORTHWEST REGION

PLA Commander on Army Role in Construction T 1
[RENMIN RIBAO 4 Aug]

PRC MEDIA ON TAIWAN AFFAIRS

LIAOWANG Views Taiwan-U.S. Trade Relations U 1

TAIWAN

Commentary Speculates on Arkhipov's PRC Visit V 1

HCNG KONG MEDIA ON CHINA

TA KUNG PAO Stresses Cambodia in PRC-USSR Ties W 1
[14 Aug]

COMMENTARY ON U.S. WHEAT SUBSIDIES, AUSTRALIAN REACTION

HK141136 Beijing GUANGMING RIBAO in Chinese 7 Aug 86 p 4

["International Commentary" column by Canberra-based reporter Lup Yiqing: "Harming Others but Not Benefitting Oneself -- Comment on U.S. Wheat Sales to Soviet Union at Cheap Prices"]

[Text] On the morning of 4 August, about 100 indignant Australian farmers from various states, representing wheat producers throughout Australia, braved the rain in a demonstration before the U.S. Embassy in Australia in protest of President Reagan's decision to subsidize farmers and sell 4 million tons of wheat to the Soviet Union at a bargain price. This act points to a new upsurge in Australia's ever-growing sentiment of dissatisfaction with the United States over the wheat problem.

Grain exports occupy an important place in Australia's economy. The Soviet Union is the largest buyer of wheat from Australia. The U.S. decision to sell wheat cheaply to the Soviet Union means that Australia is likely to lose its largest buyer. This has not only caused an already difficult economic situation in Australia to grow ever worse but will likely bring about the bankruptcy of many farmers and increased unemployment leading to social disquiet.

Once the news about the proposal to enlarge the scope for subsidized wheat sales reached Australia, the reaction was quick and strong. On 21 July, Prime Minister Hawke made a strong protest against this to U.S. President Reagan, demanding that he reconsider his decision. On 24 July, Prime Minister Hawke again made a telephone call to U.S. Secretary of State Shultz reminding the United States to think of the consequences and not to let immediate economic benefits affect long-term strategic interests. On 25 July, Prime Minister Hawke separately telephoned and wrote to Canadian Prime Minister Mulroney and Argentine President Alfonsin proposing the establishment of an international alliance of nonsubsidized wheat countries in order to put pressure on the United States to make it abandon its subsidized wheat sales plan. Some people in Australia have suggested using the removal of U.S. military bases and facilities in Australia as a pawn in bargaining with the United States. Some have even called for following in the footsteps of New Zealand and parting company with the United States. To convey to Washington the consensus of opinion on the part of various Australian parties and groups, the Australian Government sent, on 30 July, a joint delegation of various parties represented in Parliament, headed by Minister of Primary Industry Kerin, to the United States in an attempt to persuade U.S. Congressmen to give up the subsidized wheat sales plan. But Reagan even disregarded the strong opposition of the government of Australia and its people and made the decision to sell 4 million tons of wheat to the Soviet Union at a bargain price.

People still clearly remember that during Hawke's visit to the United States earlier this year, Reagan assured Hawke that the United States would never take away Australia's wheat market. Less than half a year later, the United States wanted to squeeze its way into Australia's biggest wheat market. This explains why Prime Minister Hawke recently said with indignation: U.S. statesmen are a bunch of hypocrites. This has caused their allies to lose confidence in them.

On the face of it, Reagan's decision has done others harm and himself good. In fact, the act is not necessarily beneficial to the United States. In an economic sense, the United States has hurt others. But it has also to hand out $1 billion in subsidies for farmers. [paragraph continues]

More importantly, the United States has morally forfeited the allies' confidence. Mc Lachla, chairman of the Australian National Farmers' Federation, said: Many Australian farmers fought shoulder-to-shoulder with the Americans in world wars. Now they feel that they have been totally sold out. In an article, THE AUSTRALIAN pointed out: As the United States has proved itself capable of sacrificing its ally of many years to economic interests in time of peace, reliance on U.S. protection in case of an outbreak of war can hardly be imagined. Observers predict that though Australia will not now remove the U.S. military bases in Australia, or follow in New Zealand's footsteps, severing defense relations with the United States, there will yet be a further development in Australia's feelings of distrust of the United States and the trend toward a breaking away. A shadow will be cast over the outlook for Australian-U.S. relations.

PRC ATTENDS UN CONFERENCE ON SEA AUTHORITIES

OW130622 Beijing XINHUA in English 0536 GMT 13 Aug 86

[Text] United Nations, August 12 (XINHUA) -- Representatives from more than 100 countries gathered today for the opening of a U.N.-sponsored summer meeting on establishing sea authorities.

The preparatory commission of the international seabed authority and for the international tribunal for the law of the sea will meet until September 5.

The summer meeting will focus on the registration of "pioneer investors" for deep seabed mining and will consider further the necessary rules and regulations for the establishment of an international seabed authority and an international tribunal for the law of the sea.

The Chinese delegation is led by Chen Bingxin, deputy director-general of the State Oceanic Administration.

The preparatory commission was set up in 1983, according to a resolution of the third U.N. Conference on the Law of the Sea. Its main task is to prepare for the creation of the two international institutions following the entry into force of the U.N. Convention on the Law of the Sea, which was adopted in 1982.

Since the convention was opened for signature in 1982, 159 nations, including China, have signed it. There are now 30 ratifications to the convention. But 30 more ratifications or accessions are needed for its entry into force.

Prior to its becoming effective, the preparatory commission has paid particular attention to the problem of applications for registration as "pioneer investors". To date, France, Japan, the Soviet Union and India have expressed their intentions to apply for registration.

In accordance with a resolution of the U.N. Conference on the Law of the Sea, those applying for "pioneer investors" status must ensure that none of the seabed area for which they are applying overlaps with another's.

The United States has refused to sign the U.N. Convention on the Law of the Sea and is boycotting the meeting of the preparatory commission.

U.S. MEMBER OF CHANG JIANG EXPEDITION DIES

OW141424 Beijing XINHUA in English 1416 GMT 14 Aug 86

[Text] Xining, August 14 (XINHUA) -- A 28-year-old U.S. cameraman died of pneumonia on August 3 during the floating of the Yangtze River, it was learned from the Sino-American Yangtze River expedition which arrived in Zhimenda in Yushu Tibetan Prefecture, Qinghai Province, yesterday.

David Shippee, who was among the 27-member expedition, started the floating from the Tuotuohe River bridge on July 31 and suffered a relapse of pneumonia on the night of August 2 when the expedition bivouacked on the riverside. He could not stand up the following day and was given emergency treatment by the expedition doctor. At 2330 hours on August 3, he passed away after his failure in response to all rescue measures.

The expedition floated a distance of 80 kilometers from the Tuotuohe River bridge to Zhimenda in 14 days and was welcomed by local Tibetans along the riverside, who provided the expedition members with buttered tea and mutton.

On July 10, David Shippee contracted pneumonia and was rushed to the Germu City Hospital for medical treatment. He recovered quickly and after a few days, rejoined the expedition to resume floating.

David Shippee's remains were buried on the Tuotuohe riverside on August 4.

Four American members withdrew from the floating and will return home. Then, the joint expedition will continue its drifting from Shimenda, according to the expedition.

CAAC, GE SIGN AIRCRAFT ENGINE PURCHASE CONTRACT

OW121100 Beijing XINHUA in English 1046 GMT 12 Aug 86

[Text] Beijing, August 12 (XINHUA) -- The Civil Avaiation Supply Corporation, a division of the Civil Aviation Administration of China (CAAC), and the General Electric Company [GE] of the United States today signed a contract for the purchase of five General Electric aircraft engines.

The CF6-80C2 high bypass turbofan engines, worth 40 million U.S. dollars, will be used to power two Airbus Industrie A310-300s scheduled to be delivered to CAAC-Shanghai by Airbus Industrie in mid-1987.

CAAC-Shanghai is currently operating two A310-200 aircraft.

The CF6-80C2 engine is rated at 50,000 to 59,000 pounds thrust, with a growth capability to 62,500 pounds thrust. It has been selected to power six types of aircraft -- the Airbus Industrie A300-600, A310-200, and A310-300, and the Boeing 747-300, 767-200, and 767-300.

Besides CAAC, other international customers, including Air India, Lufthansa German airlines and All Nippon Airways, have also purchased the engines.

Hu Yizhou, director general of CAAC, and Brian H. Rowe, senior vice president and group executive of [illegible] aircraft engine business group of General Electric, were present at today's signing ceremony.

SOVIET UNION

GORBACHEV REMARKS 'FAR FROM REMOVING' BLOCKS TO TIES

HK140104 Beijing CHINA DAILY in English 14 Aug 86 p 1

[By staff reporter Liang Weiya]

[Text] Chinese State Councillor and Foreign Minister Wu Xueqian yesterday morning met with Vladimir Fedotov, Charge d'Affaires ad interim of the Soviet Embassy in Beijing. They discussed Sino-Soviet relations, a Foreign Ministry spokesman said at the weekly news briefing.

The Foreign Minister told Fedotov that China had taken notice of General Secretary Mikhail Gorbachev's statement about improving Sino-Soviet relations made in Vladivostok (Haishenwai) on July 28, and attached importance to it and expressed welcome.

He stressed, however, that Gorbachev's statement was still far from removing the three major obstacles to better relations. In particular Gorbachev evaded the question of withdrawing Vietnamese troops from Kampuchea, "and the Chinese side is not satisfied with this."

"The withdrawal of the Vietnamese troops from Kampuchea and the fair and reasonable settlement of the Kampuchean question are matters the Chinese side is most concerned about," the Minister said.

China sincerely wishes to see an early normalization of Sino-Soviet relations and hopes that the Soviet side will earnestly consider the views of the Chinese side, he said.

The Foreign Ministry spokesman said that Charge d'Affairs Fedotov indicated that he would report Minister Wu's remarks to the Soviet Government.

USSR STATISTICAL DELEGATION ENDS WEEK-LONG VISIT

OW150454 Beijing XINHUA in English 0153 GMT 15 Aug 86

[Text] Beijing, August 15 (XINHUA) -- A four-member delegation from the Central Statistical Board of the Soviet Union led by M.A. Korolev, head of the board, left here today at the end of a week-long visit to China.

The Soviet delegation was invited by China's State Statistical Bureau. During its stay in China, the delegation exchanged views with Zhang Sai, director-general of China's State Statistical Bureau, on issues concerning social and economic statistics. The delegation also visited statistical bureaus of Beijing and Liaoning Province.

XI JIANQUN'S MOSCOW PRESS CONFERENCE REPORTED

OW141121 Beijing in Russian to the USSR 1800 GMT 26 Jul 86

[Text] The PRC trade and economic exhibition opened in Moscow on 26 July. Xie Jianqun, head of the PRC trade and economic exhibition delegation, held a press conference on he previous day. First of all, he briefly described the exhibition. He said: The PRC trade and economic exhibition has been organized in Moscow in accordance with the agreement on mutual holding exhibitions in the PRC and the USSR in 1986. A USSR industry and trade exhibition will open in Beijing this winter.

This, undoubtedly, is a result of the uninterrupted development in recent years of trade and economic cooperation between the PRC and the USSR. At the same time, it will also promote further development of trade and economic relations between both countries.

The floor area of the PRC trade and economic exhibition is 2,500 meters. The exhibition will open on 25 July and close on 10 August. It will be opened for 17 days. Every morning, Monday to Friday, it will be open only for specialists and foreign trade officials, in order to conduct business and trade operations and exchange experience. At other times, the exhibition will be opened to the public at large.

As the PRC is holding its first separate exhibition in the USSR since 1963, all the PRC ministries and trade companies taking part in the exhibition -- 27 in all -- attached great importance to selection of the goods. They have attempted to present goods with potential for export to the Soviet Union at the exhibition. These include machine tools, machines for light industry, electrical motors, instruments, petrochemical industry products, ferrous and nonferrous metal wares, electronic industry products, electrical appliances, consumer products, silk, textile goods, clothing, foodstuff, handicrafts, and products of local industries and animal husbandry, as well as books and magazines. Also represented are some models, photographs, and color slides -- more than 4,000 various exhibits in all. Besides, the All-China Silk Company has sent a group of models, who will demonstrate fashions in the exhibition hall. We have commissioned the All-Union Vneshposyltorg Association of the USSR to sell commemorative souvenirs.

We hope that Soviet visitors and specialists will, by visiting the exhibition, acquire a better and more direct knowledge of the products of all branches of PRC industry and agriculture, as well as their quality and technology. We also hope that it will promote further broadening of trade between the two countries in the next 5 years.

Xie Jianqun noted: I have to say that this exhibition, on the one hand, reflects the achievements of the Sixth Five-Year Plan, which was overfulfilled by the PRC at the end of last year. During the last 5 years, the average annual growth of the gross industrial and agricultural output was 11 percent, and the average annual growth of the gross national product was 10 percent. Such rates of economic growth have led to appreciable strengthening of our country's economic might as a whole, as well as to consolidating the material base for developing trade and economic cooperation of the PRC and foreign countries.

The Seventh 5-Year Plan, which is being implemented since the beginning of the current year, stipulates that by 1990 the total volume of the PRC's import and export trade, compared to that of 1985, will grow by 40 percent. According to the PRC-USSR Government trade and payment agreement for 1986-90 signed in July last year, the rate of growth of trade volume between our two countries will exceed the rate of growth of the country's general import and export trade volume. To achieve the goals set by the governments of the two countries, trade and business groups of both countries must make efforts to deepen mutual understanding and to broaden spheres of goods exchange. A mutual organization of exhibitions is one of the best ways to achieve these goals.

The PRC Government attaches great significance to these exhibitions. The PRC trade and economic delegation headed by Jia Shi, chairman of the China Commission for Promoting Development of International Trade, has already arrived in Moscow.

It will be directing the exhibition opening ceremony and will hold talks with the USSR Chamber of Commerce and Industry on a plan of mutual organization of exhibitions for the next few years.

In conclusion, Xie Jianqun, head of the PRC trade and economic exhibition delegation, said: Traditional friendship exists between the Chinese and Soviet peoples. Our exhibition has also brought a cordial greeting to the Soviet people from the Chinese people. Taking this opportunity, on behalf of the PRC exhibition delegation, I would like to ask the comrades of the USSR journalist circles to convey the best wishes to the Soviet people.

USSR SPOKESMAN CITED ON HOPES FOR U.S. SUMMIT

OW141826 Beijing XINHUA in English 1744 GMT 14 Aug 86

[Text] Moscow, August 14 (XINHUA) -- The Soviet Union hopes to reach an agreement with the United States to ensure a fruitful summit scheduled for later this year, Foreign Ministry spokesman Gennadiy Gerasimov said today.

Asked at a press conference if an advance guarantee of progress on arms control is a prerequisite of a Reagan-Gorbachev summit to be held by the end of this year, Gerasimov said it was still too early to answer that. He said the two nations are only at the initial stage of preparations for the September 19-20 meeting between Soviet Foreign Minister Eduard Shevardnadze and U.S. Secretary of State George Shultz in Washington. The prospects of a second summit would be only outlined at the meeting, the spokesman added.

On the disarmament talks held between Soviet and U.S. arms control experts Monday and Tuesday in Moscow, Gerasimov again said it was also too early to draw conclusions on the discussions. He said a second round of discussions will be held in Washington and reaffirmed Moscow's stand that it wants agreements on halting the arms race on earth and preventing one in outer space.

NAKASONE CANCELS VISIT TO YASUKUNI SHRINE

OW141254 Beijing XINHUA in English 1231 GMT 14 Aug 86

[Text] Tokyo, August 14 (XINHUA) -- Prime Minister Yasuhiro Nakasone will not visit the Yasukuni Shrine for Japan's war dead Friday, the 41st anniversary of Japan's defeat in World War II, the Japanese Government announced Thursday.

Chief Cabinet Secretary Masaharu Gotoda said in a statement this afternoon that "after careful and independent consideration, we have decided to withhold an official visit to the Yasukuni Shrine by Prime Minister Yasuhiro Nakasone." He said Nakasone's decision not to visit the shrine was a "prudent and independent" one taken with the "criticisms of neighboring countries" in mind. The chief cabinet secretary said "We must stress international ties and give appropriate consideration to the national sentiments of neighboring countries." As for other cabinet ministers, he said, it is up to them to make a "proper judgment" whether or not to visit the shrine.

On August 15 last year, Nakasone made the first official visit to the shrine by a postwar Japanese prime minister. The move was bitterly criticized by China and some other Asian countries and regions, because among the 2.46 million war dead honored at the shrine are wartime Prime Minister Hideki Tojo and 13 other World War II A-Class criminals, who were sentenced to death by hanging by the Tokyo International Military Tribunal.

PRC Welcomes Cancellation

OW141141 Tokyo KYODO in English 1125 GMT 14 Aug 86

[Text] Beijing, Aug 14 KYODO -- China gave high marks Thursday to Japan's official announcement that Prime Minister Yasuhiro Nakasone will not make an official visit to the Yasukuni Shrine Friday on the 41st anniversary of Japan's defeat in World War II. Foreign Ministry sources said China welcomed a statement issued by Chief Japanese Cabinet Secretary Masaharu Gotoda on the cancellation of Nakasone's visit to the shrine, dedicated to the war dead, including Gen Hideki Tojo and other Class-A war criminals executed after conviction in the Tokyo War Criminal Trial.

Japan's neighboring countries reacted unfavorably to Nakasone's vist to the shrine in his capacity as prime minister last year, chiefly because the executed war criminals are enshrined there. Gotoda said Thursday that the government must give appropriate consideration to the national sentiments of Japan's neighboring countries.

PRC, NORTH KOREA AGREE TO ESTABLISH CONSULATES

OW141113 Tokyo KYODO in English 1107 GMT 14 Aug 86

[Text] Tokyo, Aug 14 KYODO -- North Korea and China have agreed to establish first consulates outside their capitals, diplomatic sources here said Thursday. The sources said the agreement called for North Korea to set up its consulate in Shenyang and for China to open a consulate in Nampo, southwest of Pyongyang by the end of this year.

The agreement appeared to reflect the continued importance North Korea attaches to its relations with Beijing although it has been said that Pyongyang has strengthened its pro-Soviet stance in recent years. It also seemed to indicate that China wanted to check the Soviet Union's advance on the western coast of North Korea. There are many Korean residents in the regions close to Shenyang in northeast China, which was formerly known as Manchuria. Nampo is the sea gateway to Pyongyang and is an important port for Sino-North Korean trade.

MONGOLIA TO EXPAND BORDER RAILROAD STATION

OW141134 Beijing XINHUA Domestic Service in Chinese 1035 GMT 13 Aug 86

[Text] Ulaanbaatar, 12 Aug (XINHUA) -- According to a local newspaper report, Mongolia will expand the Dzamin Uud Railroad Station during the current 5-Year Plan (1986-1990).

The Dzamin Uud Railroad Station is the only border port station connecting the railroads of Mongolia and China. The station's expansion is part of Mongolia's railroad expansion project during the current 5-year plan. Mongolia's investment in railroad expansion projects in this 5 years will increase 170 percent as compared with the previous 5 years.

With the increase in trade volume between China and the Soviet Union, and between China and East European nations, rail freight through Mongolia has increased remarkably in recent years.

WU XUEQIAN MEETS JAPANESE CHILDREN'S GROUP

OW140814 Beijing XINHUA in English 0638 GMT 14 Aug 86

[Text] Beijing, August 14 (XINHUA) -- Wu Xueqian, state councillor and foreign minister, met here today a group of Japanese children from the Tokyo Junior Chamber Inc., led by Taito Yamamoto.

WU XUEQIAN CONGRATULATES THAI COUNTERPART

BK141128 Beijing International Service in Thai 1330 GMT 13 Aug 86

[Text] On 12 August Wu Xueqian, Chinese state councillor and foreign minister, sent a telegram to Air Chief Marshal Sitthi Sawetsila, congratulating him on his reappointment as Thai foreign minister. The telegram says:

I would like to express to you my profound congratulations on Your Excellency's reappointment as foreign minister of the government of the Kingdom of Thailand. The Thai Government has made great efforts in maintaining regional peace and stability. It has enjoyed greater status in the international forum day by day. Your Excellency has made great contributions to this. I sincerely hope that the friendly relations between China and Thailand and the close cooperation between our two countries in international affairs as well as the pure personal friendship between us will be further strengthened and consolidated.

RENMIN RIBAO ON VIETNAM'S ECONOMIC DIFFICULTIES

HK150351 Beijing RENMIN RIBAO in Chinese 10 Aug 86 p 6

["International Jottings" by Rong Jiu: "'Daily Battle' of Vietnamese Housewives"]

[Text] In Vietnam, housewives call their daily shopping "everyday battles." Why? Listen to a housewife in Hanoi talking about her personal feelings: I become very upset every day when I go to the market, not only because of the shortage of goods. I am afraid that I cannot afford to buy anything due to the price hikes. So when I come to the market, I feel as though I have lost my purse; and when I hear the prices, I feel faint and dizzy.

The markets reflect the economic situation and social conditions of a country. From Hanoi's markets, people can see how weak Vietnam's economy has becme and how serious the material shortage there is. Even the Vietnamese authorities cannot deal with the country's economic difficulties and the chaotic economic situation. So a number of ministers have been dismissed from office as scapegoats.

Vietnam was originally a rich land of fish and rice. The country has a congenial climate and abounds in natural resources. After a long period of war, if the government had adopted a policy of rehabilitaing and developing the economy, it would not have been too difficult to bring a more pleasant life to the people. However, the Vietnamese authorities ignore the people's livelihood and stick to an aggresive and expansionist policy by wantonly engaging in military aggression. This has placed Vietnam in a quagmire and the country is now unable to extricate itself from that quagmire. The war needs money, materials, and manpower. Where do such things come from? The Vietnamese authorities have asked another big power for some help, but they mainly squeeze it out of the Vietnamese people. The Vietnamese are driven to Cambodia to act as cannon fodder; materials are used to make weapons for killing people; and money is used to fill the bottomless pit of aggressive war. Under these circumstances, how can the people avoid eating bitter fruit? The nervous "battle" of the housewives in Hanoi is merely a small part of all the sufferings that the Vietnamese people are undergoing. There is a way to change the miserable "battling" lives that the people are leading. That is, they should stop their despicable "battles" in Cambodia and immediately withdraw the Vietnamese troops. It is still not too late to do so. Otherwise, if the war of aggression in Cambodia continues, the "battles" that the Vietnamese people are fighting in the markets will never end.

CGDK MEETING PROPOSES SOLUTION TO CAMBODIAN ISSUE

OW130812 Beijing XINHUA in English 0602 GMT 13 Aug 86

[Text] Bangkok, August 12 (XINHUA) — The eight-point proposal put forward by the Coalition Government of Democratic Kampuchea (CGDK) has become Kampuchea's national charter for the present and future after the Vietnamese withdrawal from Kampuchea. This was released in a communique issued today by the CGDK Council of Ministers after a meeting held yesterday under the chairmanship of President Norodom Sihanouk and Vice-President Khieu Samphan.

The eight-point proposal for a peaceful solution of the Kampuchean issue was put forward by the high representatives of the three parties of CGDK in March 1986.

The communique said that the meeting was proceeding in a "warm resistance against Vietnamese occupation during the past eighth dry season and the current rainy season:

— Firstly, the resistance forces are being able to penetrate and launch attacks against the Vietnamese aggressors deeper inside Kampuchea, especially in the region of the great lake of Tonle Sap and around Phnom Penh.

— Secondly, they are being able to operate permanently around Phnom Penh, main cities and main centers of Kampuchea.

—Thirdly, the three patriotic forces of the CGDK are enhancing their cooperation and mutual assistance in the fighting against the Vietnamese throughout the country.

-- Fourthly, the Kampuchean population, Khmer soldiers and members of commenal administration's committees forcibly enlisted by the Vietnamese aggressors are participating more actively in the struggle for national liberation by cooperating more and more closely with the resistance forces.

The Council of Ministers is determined to further develop its favorable situation, especially the cooperation between the tripartite forces of the CGDK and the great national union both inside Kampuchea and abroad. It will pursue the struggle until Vietnam agrees to negotiate with the CGDK and withdraw all their forces from Kampuchea, the communique said.

The communique appealed to the Vietnamese leaders to reconsider their position on the eight-point peace proposal of the CGDK which calls for a two-phased withdrawal of all the Vietnamese troops from Kampuchea and the formation of a four-party coalition government including the Heng Samrin regime in Phnom Penh. "So long as they refuse to accept a political solution of withdrawing all their forces of aggression from Kampuchea," the communique said, the Vietnamese will not be able to extricate themselves from their difficulties. "On the contrary, these difficulties will be worsening in the Kampuchean battlefields and in Vietnam itself, and Vietnam will be more isolated on the international arena."

The ministries pledged to transform the eight-point proposal into a real force inside Kampuchea and abroad in order to strive for a political solution to the Kampuchean problem.

ARTICLE REVIEWS EAST EUROPEAN PARTY CONGRESSES

OW131301 Beijing Domestic Service in Mandarin 1050 GMT 12 Aug 86

[Article by Jia Shan: "The Party Congresses of East European Countries" — from the "International Current Events" program]

[Excerpts] All socialist countries in Eastern Europe, except Romania and Hungary, have held or will hold party congresses this year. Following the 27th congress held by the Soviet Communist Party in late February, the Czechoslovak, Bulgarian, Democratic German, Yugoslav, and Polish parties convened their respective congresses between March and June. In addition, the Albanian party will hold its ninth congress in November.

The Yugoslav party congress was held at an extraordinary time. According to the statement made by the Yugoslav comrades, an economic crisis had hit their country, and the task of the party congress was to arrive at a unanimous conclusion as to the cause of the crisis and especially as to how to solve the question of what steps should be taken next. The party congresses of the other four countries all formulated new 5-year plans or economic development programs for a longer term beginning 1986. Without a doubt, they will have a significant impact on their socioeconomic development in the coming 5 years or for an even longer period. [passage omitted]

Over the past few years, all these countries have proceeded with improving and reforming their economic management systems. Despite differences in methods and scale, they have all taken steps in this direction and obtained some experience. The party congresses of these countries held that this work should be continued. The leaders of Democratic Germany said that further efforts would be made to improve management, planning, and economic accounting in developing the national economy. While improving central economic management, Czechoslovakia will increase the responsibility and authority of local governments and the various developments and bring the initiative of labor collectives into full play. In economic reform, Bulgaria established autonomous economic organizations to implement the principle of autonomy. The purpose of this is to replace the principle of departmental control over economic work so as to eliminate bureaucracy, advance toward a new plan and a new management method, and encourage competition. To achieve this purpose, the Bulgarian Communist Party made organizational and personnel adjustments, abolished eight economic departments, and formed an economic commission prior to the convocation of its 13th congress. Poland's economic reform tasks during the new 5-year plan are to strive for greater benefits, restore its budget balance and the balance between market supply and demand, link workers' wages to the results of their work, and adjust commodity prices.

In foreign affairs, Yugoslavia will continue to pursue a nonaligned foreign policy, strive to develop relations with all other countries in all fields, and is especially enthusiastic about the establishment of stable and all-round relations with all its neighbors. The party congresses of the other countries reiterated that strengthening the unity and cooperation with the Soviet Union is the cornerstone of their foreign policies and expressed support for the Soviet proposals for peace and disarmament. They accused the United States and the NATO countries of arms expansion and war preparation and, at the same time, said that they would continue to expand their relations of peaceful coexistence with capitalist countries, maintain and develop dialogue and cooperation with these countries, and seek to settle disputes through negotiations. Democratic Germany stressed the need to ban nuclear wars, guard against the militarization of space, and promote international cooperation to eliminate confrontation as one of the primary goals of its foreign policies. Poland said that Eastern and Western Europe shouldered unprecedently heavy armament burdens, and that efforts should be devoted to stopping the arms race.

It is also noted that most of these party congresses expressed the good intention of developing relations of friendship and cooperation with China. This shows that considerable progress has been made in the last few years regarding relations between China and the East European socialist countries.

JIANGSU GOVERNOR LEAVES FOR BULGARIA VISIT

OW141250 Nanjing XINHUA RIBAO in Chinese 5 Aug 86 p 1

[Text] At the invitation of the Bulgarian Council of Ministers, last night a Jiangsu provincial delegation led by Governor Gu Xiulian left for Bulgaria by plane via Beijing for a 10-day visit.

Members of the delegation are Pu Mengling, director of the provincial planning external affairs office; and others.

During its visit in Bulgaria, the delegation will hold talks with Bulgarian officials of departments concerned on matters pertaining to the establishment and expansion of cooperation in the fields of economy, trade, and sciences and technology between Jiangsu Province and Bulgaria. It will also visit and study the situation in Bulgaria's electronics and food processing industries, its medium and small-sized enterprises, and its economic reform. On leaving Nanjing, Governor Gu and her party were seen off at the airport by Vice Governor Chen Huanyou and by Tang Tianying and Xi Jingan.

BISHOP DESMOND TUTU CONTINUES VISIT TO PRC

Feted by Zhao Puchu

OW131410 Beijing XINHUA in English 1359 GMT 13 Aug 86

[Text] Beijing, August 13 (XINHUA) — Zhao Puchu, vice-chairman of the National Committee of the Chinese People's Poltical Consultative Conference, today condemned the South African regime for its new crimes in willfully arresting and persecuting the people in South Africa. Zhao, who is also vice-president of the Chinese People's Association for Peace and Disarmament, was speaking at a banquet given by him in honor of Bishop Desmond Tutu from South Africa and his wife here this evening.

Zhao said, "The Chinese people have always sympathized with and supported the South African people in their just struggle against racial discrimination and oppression and for racial equality and democratic rights. We are following closely the development of their struggle." He expressed his conviction that the apartheid system will be completely wiped out some day so long as the South African people are united and persevere in the struggle with the assistance and support of people all over the world. "Good will be rewarded with good, and evil with evil. When the evil-doer goes to extremity, he will fall down into the hell in no time," Zhao said. "The South African regime will reap what it has sown some day and be tried by history and people if it stubbornly goes against the trend and strikes up hostility among the people. South African people will certainly win the victory."

Responding, Tutu said that he is in China as a representative of the South African people. "We thank the Chinese people for their support to us," he stated. He said he was sure that a new society will emerge in South Africa.

Earlier today, Bishop Tutu and his wife visited the Great Wall and the Palace Museum.

Addresses Beijing Lecture

OW141024 Beijing XINHUA in English 0945 GMT 14 Aug 86

[Text] Beijing, August 14 (XINHUA) -- Desmond Tutu, Anglican bishop of Johannesburg of South Africa, today condemned the apartheid policy of the South African authorities and called on the international community to take sanctions against South Africa. In a lecture he gave in the Great Hall of the People here this morning, Bishop Tutu reiterated the opposition of the South African people to the unjust society in South Africa. He demanded that the South African authorities abolish the emergency law, release political prisoners, and negotiate with the real representatives of the people to work out a new constitution. He called on the international community to intervene and take sanctions against South Africa. He also urged the South African authorities to take actions before it is too late.

On the situation in South Africa, Bishop Tutu said that the South African people, who have been carrying out non-violent struggle against the apartheid policy, are now facing intensified violence from the South African Government. Some 2,000 black people have been killed since the government promulgated the new constitution.

The South African Government, he said, has imposed a second state of emergency, more stringent than the first. The South African Government cannot even tolerate persons who stand for justice, peace and reconciliation. He said that although he is a nobel peace laureate and has been elected archbishop of Capetown, he has no right to vote while an 18-year-old white person can vote. Such a policy of racial discrimination, he said, is ridiculously based on the color of a person's skin. The laws of the South African Government are vicious and unjust.

Bishop Ding Guangxun (K.H. Ting), chairman of the Three-Self Patriotic Movement Committee of the Protestant Churches of China, president of the China Christian Council and vice-president of the Chinese People's Association for Peace and Disarmament, took floor before Tutu's speech. "The Chinese Christians and the Chinese people are greatly concerned about our black brothers and sisters in South Africa who are suffering under apartheid system day and night," Ding said. He thanks Tutu for bringing messages about the just cause of the South African people, and said the Chinese religious groups and the Chinese people have always sympathized with and supported the struggle of the South African people against racist rule. "We condemn the South African regime for its obstinate persistence in racism, its bloody suppression of the black people of the country, its unscrupulous incursions into and intimidations of the neighboring countries as well as its criminal acts of creating disturbances and disorder in the region," Ding said. "We strongly support the just struggle of the South African people against apartheid and racial discrimination and for basic human rights and racial equality," he added.

Ding expressed the belief that the South African authorities who go against the trend of history will eventually eat their own bitter fruit. The South African people, united and persistent in their struggles and supported by the international community and the world's people, will finally win the victory.

Today's meeting was sponsored jointly by the Three-Self Patriotic Movement Committee of the Protestant Churches of China, the China Christian Council and the Chinese People's Association for Peace and Disarmament.

Among the 600 people attending were Zhao Puchu, vice-chairman of the National Committee of the Chinese Peopole's Political Consultative Conference and president of the Buddhist Association of China; Zhao Fusan, vice-chairman of the Three-Self Patriotic Movement Committee of the Protestant Churches of China; Ren Wuzhi, director of the Religious Affairs Bureau under the State Council; Li Yuhang, chairman of the China Taoist Association; Haj Iliyas Shen Xiaxi, vice-chairman of the China Islamic Association; and Joseph Zong Huaide, chairman of the China Patriotic Catholic Association.

Zhao Ziyang Meets Tutu

OW141454 Beijing XINHUA in English 1423 GMT 14 Aug 86

[Text] Beidaihe, August 14 (XINHUA) -- Chinese Premier Zhao Ziyang today strongly condemned the South African authorities for stubbornly continuing their policy of apartheid. Zhao reiterated that the Chinese Government and people always sympathize with and support the South African people in their struggle against apartheid and for racial equality. Premier Zhao made the remarks at a meeting with Bishop Desmond Tutu of South Africa and his wife this afternoon at Beidaihe, a north China seaside resort.

Zhao said the brutal suppression of the black people by the South African regime can only arouse stronger resistance among the people and more severe denunciation by the international community. The black people in South Africa have fought bravely against apartheid and oppression, Zhao said, and in recent years, their struggle has been rising to new heights. "We are especially happy to note that people from all walks of life in South Africa have strengthened their unity in the struggle, with many Christians and clergymen joining the ranks of the struggle. That is a great encouragement for the black people," he said. The Chinese premier expressed his conviction that the struggle of the South African people will achieve final victory so long as the people from various circles close ranks, unite all possible forces at home and abroad and adopt various forms and means in the struggle. By their perverse acts, the South African authorities are, as a Chinese saying goes, "lifting a rock only to drop it on their own feet", he said.

Bishop Tutu said that he was very grateful to the Chinese people who support the South African people in their struggle against oppression and injustice. He added that the people of South Africa could learn much from the Chinese people, who threw off the yolk of colonialism long ago.

Zhao told Tutu that in the last three years, the Chinese Communist Party Central Committee and the State Council have moved to Beidaihe to do their office work for a month in summer.

Extending a warm welcome to Tutu on behalf of the Chinese Government and people, Zhao said: "You command the respect of the South African people as well as the people of Africa and the world as a whole because you are in the van of the struggle against apartheid together with the black people there. We in China appreciate your just cause and noble spirit."

Noting that Tutu is the first religious leader from South Africa to visit China, he said, "I believe your visit will surely be conducive to the promotion of mutual understanding and contacts between the South African church and religious circles in China between the South African people and the Chinese people."

Bishop Tutu said his visit to China left an "indelible impression" on him. China is not the regimented society people imagined, but a society of diversity. People holding different views could exchange and live peacefully. "It is really an eye-opener," he noted. And he said he was pleased to see people in China enjoy the freedom of religious beliefs. In Shanghai he saw many people going to churches.

Zhao Ziyang said, China follows a socialist system of Chinese style. The system is in the light of China's national conditions, chacteristics and traditional culture. Both externally and internally China adopts the opening policy. Under this system, people enjoy more freedom and democracy. "Bishop Tutu just now mentioned the problem of diversity," Zhao continued, "in fact, both unity, identity and diversity are obvious in our country. But we combine unity and diversity. Unity means identity in goal. Regardless of religious belief, sex and age, people in various fields unite together to build the country into a strong nation in several decades."

Tutu flew to Beidaihe this afternoon in the company of Chinese Bishop Ding Guangxun. On the way back to Beijing, Tutu told XINHUA in the plane that he was surprised that Premier Zhao could meet him. This is a height of his visit to China. Zhao's well acknowledgement of South African situation and his support to the South African people's struggle have left deep impression on him, Tutu said.

CHEN MUHUA LAYS WREATH AT TOMB IN TANZANIA

OW140137 Beijing Domestic Service in Mandarin 0200 GMT 12 Aug 86

[Text] State Councillor Chen Muhua on 10 August laid a wreath at the tomb of Chinese comrades who gloriously gave their lives in the course of building the Tanzania-Zambia railroad and other projects built with China's aid. The tomb is located in the suburbs of Dar Es Salaam. (Chen Fu), Chinese economic representative in Tanzania, briefed Chen Muhua on how the 59 Chinese comrades died in the line of duty in Tanzania. Chen Muhua walked around the tomb and expressed her condolences on the death of those comrades.

PRC, TANZANIA, ZAMBIA DISCUSS TAZARA RAILWAY

OW140350 Beijing XINHUA in English 0044 GMT 14 Aug 86

[Text] Lusaka, August 13 (XINHUA) -- The Tanzania-Zambia railway (Tazara) is strategic and very important not only to the two countries, but to the whole region in the current situation, Zambian Prime Minister Kebby Musokotwane said today.

At the opening ceremony of the China-Tanzania-Zambia tripartite talks on technical cooperation on Tazara, Musokotwane said, the meeting is being held at an unprecedented and critical time in the history of the region. He praised Chinese cooperation both in the past and presently, saying that friendship and fraternal relations among the three governments were solid.

Chinese Vice-Minister of Foreign Economic Relations and Trade Lu Xuejian said that the ten years of Tazara had proved that the three countries are not only capable of building the railway, but also managing it. China would continue to support Tazara to serve countries in the region, he added.

Tanzanian Minister of Communications and Works Mustafa Nyanganyi said Tazara has contributed to the promotion of South-South Cooperation.

The tripartite talks will last two days. Several protocols of technical cooperation and assistance on Tazara will be signed tomorrow.

Upgraded Cooperation

OW141818 Beijing XINHUA in English 1736 GMT 14 Aug 86

[Text] Lusaka, August 14 (XINHUA) -- Tanzania, Zambia and China concluded talks and signed protocols on further technical cooperation for Tazara, the Tanzania-Zambia Railway, today.

The protocol says that at the request of the Zambian and Tanzanian Government the Chinese Government will dispatch a team of railway experts to the two countries to give technical guidance in planning, transportation, financial affairs, locomotives, rolling stock, civil engineering, signalling, telecommunications and railway management.

The protocol was signed by Tanzanian Minister of Communications and Works Mustafa Nyanganyi, Zambian Minister of Power, Transport and Communications Fitzpatrick Chuula, and Chinese Vice-Minister of Foreign Economic Relations and Trade Lu Xuejian. The three also signed a protocol on training of Tazara technical personnel and a special loan agreement for spare parts for the railway.

Speaking at the signing ceremony, the ministers of Tanzania and Zambia praised China's assistance and cooperation in running Tazara and described the railway as a symbol of solid South-South cooperation. The Chinese vice-minister said the agreements will improve management and operation of the railway. Tazara will play a more important role in promoting the economic development of Tanzania and Zambia as well as that of sub-region in the years to come, he added.

WU XUEQIAN MEETS OUTGOING ALGERIAN AMBASSADOR

OW140818 Beijing XINHUA in English 0715 GMT 14 Aug 86

[Text] Beijing, August 14 (XINHUA) — The Chinese Government feels uneasy and is concerned about the escalation of the Iran-Iraq war, State Councillor and Foreign Minister Wu Xueqian told the outgoing Algerian Ambassador to China Abdelghani Akbi here today. Noting that the Iran-Iraq war has been fought for about six years and keeps expanding and escalating, Wu said that it has brought great damages and losses to the two countries and seriously threatened the peace and stability in the Gulf region.

The Chinese Government maintains a good relationship with both Iran and Iraq and sincerely hopes for an early end to the war, he said. He urged the two sides to exercise restraint and avoid any actions for escalating the war so as to create appropriate atmosphere for a truce. The minister also hoped that the two sides will settle their differences and disputes fairly and reasonably and end the war as soon as possible through peaceful negotiations in line with norms of international law acceptable to the both countries. Foreign Minister Wu Xueqian expressed his appreciation of the positive efforts made by Algeria for a peaceful settlement of the Iran-Iraq war.

CAMEROON DELEGATION HONORED IN BEIJING

OW121710 Beijing XINHUA in English 1431 GMT 12 Aug 86

[Text] Beijing, August 12 (XINHUA) — Zhao Puchu, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), gave a banquet in honor of a Cameroon Economic and Social Council delegation here this evening. The delegation led by the council's chairman Ayang Luc arrived this morning at the invitation of the CPPCC National Committee.

Speaking at the banquet, Zhao said fruitful cooperation has been conducted in various fields between China and Cameroon since the two countries established diplomatic relations in 1971. The establishment of friendly ties between the CPPCC and the Cameroon Economic and Social Council has opened up a new area for friendly relations and cooperation between the two countries and peoples, he added. Luc said that his delegation's visit to China is to strengthen the exisiting friendship and cooperation between the two countries, and to see China's achievements and learn her experience in national construction. He said Cameroon is following closely China's modernization program.

GUANGMING RIBAO ON ENTERPRISE BANKRUPTCY LAW

HK150305 Beijing GUANGMING RIBAO in Chinese 2 Aug 86 p 3

[Article by Xiao Zhuoji: "It Is Imperative To Formulate the Enterprise Bankruptcy Law"]

[Text] Enterprises are cells of the socialist economy. Under the condition of the planned commodity economy, enterprises under the collective ownership, enterprises owned by individuals, enterprises jointly owned by China and foreign businessmen, enterprises solely owned by China and foreign businessmen, enterprises soley owned by foreign businessmen, or enterprises under the system of ownership by the whole people, are all relatively independent commodity producers and operators. The general rules of the commodity economy still apply to enterprises of all different kinds.

We know that commodities are produced to suit social needs, and that only after market exchange can the commodities produced by all enterprises suit social needs and can individual labor by the workers and staff of the enterprises be recognized by society and converted to social labor. However, the state of supply and demand on the market is changeable. Whether a commodity produced by an enterprise can meet social needs and whether the individual labor of workers and staff of an enterprise can be converted to social labor are different issues. Some enterprises which gain better promotion conditions and more market information can arrange their production flexibly and promote in the light of the change in the rate of supply and demand on the market so as to make their commodities marketable, the demand exceed supply; and the price higher than value and occupy an advantageous position in competition. Some enterprises which are not competitive or responsive to change are unable to market their products, so that they are overstocked, supply of their goods exceeds demand, the prices are lower than value and they find themselves in a disadvantageous position. Due to the considerable profit gained, the enterprises of the former category can score better economic results and develop, while, as a result of losses and heavy debts, the enterprises of the latter category could be on the brink of bankruptcy. This is an inevitable result of the role of the law of value and the mechanism of competition under the condition of commodity economy.

As the fact that a small number of enterprises go into bankruptcy does objectively exist in the socialist economy, we must recognize and handle it well according to law. In order to maintain the order of the socialist commodity economy, protect the legal rights and interest of creditors and debtors, promote competition, eliminate losers through competition, improve business management, increase economic results, and ensure the smooth progress and healthy development of economic structural reform, it is urgently necessary to formulate an enterprise bankruptcy law.

First, formulating the enterprise bankruptcy law can spur on the less advanced enterprises and effectively correct the unhealthy performance of enterprises. In economic structural reform, the decision-making power of the state-run enterprises has been expanded. As relatively independent commodity producers or operators, enterprises are economic units assuming sole responsibility for their profits or losses. However, in fact, enterprises are now not responsible for their profits or losses. When enterprises incur losses, they can raise loans from banks. If they are unable to repay the debts, they can extend the term of repayment without limit. Therefore, the debts of some enterprises have already far exceeded their real assets; and some loss-incurring enterprises still have high incomes, bonuses, and benefits, thus undermining the interests of the state. [paragraph continues]

Formulating an enterprise bankruptcy law can not only make every enterprise share its profits but also assume responsibility for its losses. Those enterprises which owe debts equal to a considerable part of their assets and fail to repay them in time must go into bankruptcy. Thus, we can effectively check and rectify any unhealthy performance.

Second, formulating the enterprise bankruptcy law can put into effect the principle of eliminating the losers through competition, unite the business management of enterprises and increase economic results. With no threat of bankruptcy, enterprises do not really feel any pressure to lower the product cost and increase the product quality or any urgency to develop new products and adopt new technology. Therefore, in many enterprises techniques are backward, products are outdated, costs are rising, management is in disorder and the efforts of consolidation are in vain. Formulating the enterprise bankruptcy law, dealing with bankrupt enterprises by means of law, and creating conditions for the redistribution and reorganization of the production elements can not only spur on the less advanced enterprises and increase the microeconomic economic results but also boost the economic strength of the advanced enterprises and increase the social economic effects.

Third, formulating the enterprise bankruptcy law can prevent uncontrolled loss of state property. When a state-run enterprise goes into bankruptcy, the state's property surely incurs a loss. However, if we do not formulate an enterprise bankruptcy law and adopt the means of law to force those enterprises on the brink of bankruptcy to declare bankruptcy, but let those enterprises which have backward technology, outmoded equipment and poor management, and which suffer serious losses, continue to waste the valuable resources of the state and occupy enormous capital, materials and labor and let the state continue to cover up their losses, we are wasting a lot of state property and resources. Therefore, formulating a bankruptcy law and adopting the means of law to forcibly eliminate through competition those less advanced enterprises which are on the brink of bankruptcy and fail to respond to the efforts of consolidation are very important to the prevention of uncontrolled loss of state property and to the protection of the state property.

Fourth, formulating the enterprise bankruptcy law can bring into play the regulative role of macroeconomy. In the economic structural reform, the economic regulation of the state will change from focusing on direct administrative regulation to focusing on indirect economic regulation. Nevertheless, to a very great extent, whether the mechanism of the indirect economic regulation can be brought into play is decided by the degree of the concern of an enterprise for its economic interests. At present, with no threat of bankruptcy, enterprises are slow in responding to the economic regulative means like taxation, interest, and so on, and do not have immediate interest in economic punishment and loss, which have greatly reduced the incentive role of the economic regulative means like taxation and interest. The formulation of the bankruptcy law can make enterprises feel the threat of bankruptcy and have immediate effects in economic punishment and loss, so as to enhance the incentive role of various economic regulative means.

Fifth, formulating an enterprise bankruptcy law can protect the legal rights and interests of creditors and debtors. Under the condition of the commodity economy, both creditors and debtors are legal entities of equal status and their legal rights and interests should all be protected by law. Therefore, the formulation of an enterprise bankruptcy law and the determination of the demarcation line of enterprise bankruptcy and compensation methods are very necessary to safeguarding the normal order of the socialist commodity economy.

Sixth, formulating the enterprise bankruptcy law will provide a law for dealing with foreign-related economic compensation. Because our country's enterprise bankruptcy law has not yet been enacted, on the issue of foreign-related compensation, the enterprises in our country are in a disadvantageous position. It is irrational that foreign businssmen often ask the state to assume unlimited joint liability for a certain state-run enterprise. Formulating an enterprise bankruptcy law and using a legal form to explicitly define the scope of property of a bankrupt enterprise, the principle of property liquidation, and the methods of compensation for creditors can provide a legal guide for foreign-related compensation. This is very important for the protection of the state interests and normal international economic exchanges.

Thus, we can see that the formulation of the enterprise bankruptcy law is a comprehensive project to ensure the effective management of the macroeconomy, the liveliness but not disorder of the microeconomy, a law for the foreign-related activities to follow and the healthy development of the economic structural reform as a whole.

Now, the conditions for the formulation of an enterprise bankruptcy law are ripe. The "Decision on Reform of the Economic Structure" of the 3d Plenary Session of the 12th CPC Central Committee has provided a full theoretical as well as policy basis for the formulation of the enterprise bankruptcy law. The practice of the economic structural reform in our country has accumulated rich experiences for the formulation of the enterprise bankruptcy law. Therefore, it is imperative to formulate and put such a law into practice as soon as possible.

RENMIN RIBAO ON CONTROLLING CAPITAL CONSTRUCTION

HK140401 Beijing RENMIN RIBAO in Chinese 7 Aug 86 p 1

[Commentator's Article: "Reaffirm the Guiding Principle of Balancing Expenditures Against Income — on Reducing Fiscal Spending To Control the Scale of Capital Construction"]

[Text] At present, there is an upsurge of capital construction. From cities to rural villages, from coastal to interior areas, construction sites can been seen everywhere, and construction projects are being carried out in a big way. People have good intentions when starting these construction projects, because they all want to expand production quickly, improve their living standards, and change the poor conditions.

However, when our subjective plans go beyond the limits of objective possibilities, our economy will not able to bear pressure beyond its capacity.

In the first half of this year, the State Council adopted resolute measures to retrench expenditure, and the expenditure for capital construction in the state budget decreased as compared with that in the same period of last year. At present, a prominent problem is that local expenditures for capital construction based on local funds have grown at a higher rate than that in the same period of last year. That is to say, projects within plans have been brought under strict control, but control over projects outside state plans has even been relaxed. As the saying goes, "hardly has one gourd been pushed under water when another bobs up." Even though we can strictly control the scale of capital construction with plans, the overall expenditure for capital construction may still grow beyond the state's financial capacity.

It is neither realistic nor sound to base expenditure on a high growth rate. Over the past few years, economic growth in our country was rather rapid. In particular, there was a very high growth rate last year, and this increased our expenditure to an excessive degree. An excessively high growth rate is not a realistic one, and it cannot be maintained for a long time. Since the beginning of this year, industry in China has been growing at a normal rate. In the long run, the national economy must develop in a continuous, steady, and well-coordinated manner, and the growth rate must not be raised to an unrealistic degree. Therefore, the focus of our financial work at present is to retrench the scale of expenditure brought about by the high growth rate. Both the central and local authorities should first resolutely control investment in fixed assets and cut down on nonproductive investment and construction projects outside the state plans. At the same time, administration expenses should also be retrenched. In short, we must not try to create a false impression of prosperity by constructing many things at the same time.

It is very important to adhere to the principle of "keeping expenditures within the limits of income." We constantly hold that it is necessary to actively tap more income sources and at the same time to carefully reduce expenditure. Provinces and municipalities which have financial surpluses should also tighten control over capital construction. In a word, financial expenditure must be retrenched effectively. All localities should make concerted efforts and subject their partial interests to the overall interests of the nation so as to achieve the purpose of balancing this year's revenue and expenditure and to create a solid foundation and a favorable environment for reform and construction in the Seventh 5-Year Plan.

WORLD BANK LOANS AID KEY CONSTRUCTION PROJECTS

OW150332 Beijing XINHUA in English 0151 GMT 15 Aug 86

[Text] Beijing, August 15 (XINHUA) -- China received World Bank loans of 1.1 billion U.S. dollars in the 1986 fiscal year ending June 30, bringing the total of such loans to 4.1 billion U.S. dollars since the country's legitimate status in the organization was restored in 1980.

Loans for the 1986 fiscal year, of which 450 million U.S. dollars from the international development association are interest free, are meant for 11 key construction projects, including railways, power stations, ports and universities.

HU QILI, GU MU PRAISE TIANJIN'S DEVELOPMENT

OW150524 Beijing XINHUA Domestic Service in Chinese 1459 GMT 14 Aug 86

[By reporter Meng Zijun]

[Excerpts] Tianjin, 14 Aug (XINHUA) -- This morning, on their inspection tour of Tianjin, Comrades Hu Qili and Gu Mu fully affirmed that the Tianjin Economic and Technological Development Zone is on the right track to make quick progress. They hoped that bold efforts would be made to probe the laws governing the commodity economy, make economic activities meet the needs of the market-oriented economy, and achieve a real success in the construction of this development zone.

Comrades Hu Qili and Gu Mu inspected some Chinese-foreign joint ventures, either completed and under construction, and were briefed by a responsible comrade of the Administrative Committee of the development zone. [passage omitted]

Both Hu Qili and Gu Mu spoke highly of the experience of the Tianjin Economic and Technological Development Zone. Gu Mu said: After a year's efforts, the Tianjin Economic and Technological Development Zone has changed a lot. An environment basically suitable for foreign investment has come into being, and the state of balance of foreign exchage receipts and payments is also good on those projects using foreign equipment and technology. This makes the zone a pacesetter for the development zones in other coastal cities open to foreign investment. Comrade Hu Qili also praised the good start and rapid progress made by the Tianjin Economic and Technological Development Zone. He said that the industrial projects in this development zone should be externally oriented, and that continued efforts should be made to explore new ways to develop such projects. Comrades Hu. Qili and Gu Mu also visited Tianjin's Xin Harbor and the Tianjin municipal motorcycle plant.

WAN LI ADDRESSES SOFT SCIENCE SYMPOSIUM

OW150058 Beijing XINHUA in English 0029 GMT 15 Aug 86

["Wan Li on Democratic, Scientific Policy Decision-making" --XINHUA headline]

[Text] Beijing, August 15 (XINHUA) -- Today's "PEOPLE'S DAILY" and other Beijing newspapers carry the full text of Vice-Premier Wan Li's speech on July 31 at the National Symposium on Soft Science. The symposium, held here between July 27 and 31, was attended by 300 scientists and leading officials.

Following is the gist of the vice-premier's 12,000-word speech, entitled "Democratic, Scientific Policy Decision-making -- an Important Question in Political Restructuring": Soft science is policy-making research, which ensures a democratic, scientific and institutional approach toward policy-making. Although soft science is a new term in China, policy-making research has long existed. The methods of leadership the Communist Party of China has advocated, such as "from the masses, to the masses", analysis of typical examples, experiments and investigations, are still effective and should be used.

However, many fundamental changes have taken place and our tasks have become more complicated social and economic phenomena call for systematic and comprehensive analysis, analysis into their interrelations and mutal impact. Therefore static investigations on typical cases must be combined with dynamic systematic analysis and calculation, qualitative analysis with quantitative analysis, and democratic approach with scientific approach in policy-making.

Conclusions on major issues based on individual examples without making quantitative analysis have brought a great deal of suffering to China. This shows personal preference and emotional coloring must be excluded in policy decision-making, which is a rational process. More and more decision will have to be made along with the development of China's modernization endeavor in all fields and the in-depth implementation of the open and reform policies, hence the growing urgency for soft science research.

Although soft science has developed in China and its achievements have, to a certain extent, been put to actual use, democratization of and scientific approach toward policy-making have not yet received enought attention. The overcentralized power of leadership and imperfect policy-making means are big problems for China's political structure. Therefore, an important aspect of political restructuring is to bring socialist democracy into full play and to practise democratic and scientific policy decision-making.

We have not yet established a strict system or procedures for policy decision-making, nor have we had an adequate support system, consultancy system, appraisal system, supervision system or feedback system for that purpose. Decision-making by leaders merely on the basis of their personal experience is still a common occurance, and decisions thus made are often put into effect unchallenged. Because of this, it is very difficult to redress errors in decisions in time. It is high time now to overcome this blindness and indiscretion in making decisions.

In modern society science and democracy are inseparable. Likewise, a scientific approach toward and democratization of decision-making are also inseparable. Democratization should precede scientific policy decision-making. Because without democratization, and when the free airing of views is not encouraged, respect for knowledge, wisdom of the people and practical experience would be out of the question and a scientific approach would also be impossible. Conversely, democratization must have scientific content, procedures and methods. All these are not merely theoretical issues. They are first of all urgent practical problems. It is an unshirkable task of our generation to find solutions to them.

Leaders at all levels are crucial to democratic and scientific policy-making. It is, therefore, essential to step up re-education in democratic and scientific policy-making and deepend understanding of it throughout the communist party and the nation, especially among leading party and government officials at all levels. The party and government departments at all levels must adopt various measures and methods in a planned and step-by-step way to help leading cadres at all levels improve their knowledge of science and culture, and their ability to make policies concerning the overall situation.

It is also necessary to encourage them to study diligently and extensively, strive to overcome their possibly narrow vision and ideological awareness deriving from the small-scale production concept, and conscientiously foster a fine style of work characterized by respect for science and democracy.

In the future, policies on major issues should not be made in line with the traditional methods of personal experience and will, but must be made through scientific methods, procedures and appraisal in order to reduce and avoid major errors that might occur. Every leading department ought to have a decision-making research group to rely on. It should also give full scope to and rely on the role of decision-making researchers able to make penetrating judgements.

Moreover, every leader should make close friends with those who are both bold and farsighted, particularly those who dare to air different views and speak them out face to face without mincing words.

To develop scientific theories, it is of paramount importance to create a political environment marked by democracy, equality and consultation. Leaders must respect the democratic right of others to fully voice their opinions and should not fear that others may air views different from theirs.

Soft science research must be relatively independent of the influence of the will exercised by policy-makers. It is subject only to judgment through practice and responsible to the people and history, rather than to the will of leaders. Leaders may disagree with the viewpoints of researchers, brush aside their conclusions and turn down their suggestions. But they must not force researchers to change their views or conclusions against their own will to suit theirs. To provide a greater guarantee of democratic and scientific policy-making, we need to adopt legislative measures to give legal protection to policy-making researchers, gradually systematizing and rationalizing policy-making.

The policy of "letter a hundred flowers blossom and a hundred schools of thought contend" also applies to policy research and decision-making. Before final decisions are made, time should be allowed to study and debate all political and policy questions. Since we deal with policy-making, however, we have to make final decisions under given conditions. This differs from discussions and judgment on academic ideas in the area of natural and social sciences and literary works. In that regard, leading departments are not required to make any final decisions.

Policy questions should go through three processes, namely, research, decision-making and execution. Once the leading department has made decisions on policy questions, everyone should carry them out. If researchers still have different views, they should be permitted to air them for discussion within a certain scope and through normal methods and channels, and re-assess them through practice.

By stressing the importance of the "double-hundred" policy, we on no account mean breaking away from the ideological guidance of Marxism. Soft science research should be guided by the Marxist world outlook and methodology.

TRENDS SHOW DIVERSIFIED USE OF FOREIGN CAPITAL

HK120120 Beijing JINGJI QUANLI in Chinese No 6, 5 Jun 86 pp 19-20, 41

[Article by Tang Jianyu and Wang Kuaixue: "Diversified Utilization of Foreign Captial" — edited by Pan Shucheng]

[Text] I. The Trend of Diversification in the Use of Foreign Capital

Following the futher opening of China's economy to the outside world and the development of the reform of the economic structure, the work of utilizing foreign captial continues to develop and a trend to diversification has appeared. [paragraph continues]

The following are the main manifestations of this trend:

1. Multilevel import of foreign capital: As a result of the change in the system of control over the use of foreign capital from a unitary system of centralized and unified management to the present mixed cross-over system of separate management by relevant central or local authorities or departments, the power of the local authorities and departments to approve and utilize foreign capital has been enlarged. This accounts for the multilevel import of foreign capital. Foreign capital may be imported by the central authorities and the various ministries and commissions, by local governments and units at different levels, or even by the enterprises themselves.

2. Multichannel source of foreign capital: Seen from the manner of cooperation, there are funds from international financial institutions obtained through the channel of multilateral cooperation, loans and aids from foreign governments obtained through the channel of bilateral cooperation, and private foreign investments obtained through unofficial channels. Seen in terms of cooperating regions, there is capital from Hong Kong and Macao as well as capital from Europe, the United States, Japan and other developed regions and nations. Diversification in the channels of importing foreign capital has increased the choice and complexity of the source and types of funds.

3. Diversified forms of raising foreign capital: There are various forms of direct utilization of foreign capital, such as joint ventures, cooperative management, exclusive investment in enterprises, processing on order and compensation trade, as well as various forms of indirect utilization of foreign capital, such as buyer's credit, commercial loans, and loans from international financial institutions.

4. Multiple objectives in utilizing foreign capital: Analyzed roughly, there are the following major types of objectives in the utilization of foreign capital in the coastal areas and in the hinterland: First, to import advanced technology in order to play the "window" role. Second, to import suitable technology in order to readjust the production structure and product mix. Third, to promote the earning of foreign exchange through exports. Fourth, to make up for the shortage of funds, exploit resources, and develop construction in the fields of energy and communications and transport.

II. The Merits and Demerits of the Diversified Utilization of Foreign Capital

The trend of diversification in the use of foreign capital can do good as well as harm to the opening of China to the outside world. Concrete analysis must be carried out.

To begin with, under the present circumstances when the whole country is facing an acute shortage of construction funds and backwardness in production techniques, diversification in the use of foreign capital has some obvious good points:

First, it can enlarge the scale of utilization of foreign capital and speed up the import of technology. There is no doubt that the multilevel, multichannel, and diversified means of drawing in and utilizing foreign capital can enlarge the scope qt economic and technological cooperation and exchanges with foreign countries and is conducive to enlarging the scope of utilizing foreign capital and speeding up technological import.

Second, it is conducive to developing economic relations with foreign countries in a manner that suits local conditions and promoting the economic development of various localities. The multiple objectives in the use of foreign capital make it possible for various localities, departments, and enterprises to proceed from their actual conditions and the overall interests of the state in formulating and readjusting their strategies and policies of developing economic relations with foreign countries so that foreign capital and technology import can truly serve the development of the economy of the nation.

Third, it is conducive to improving the efficiency of the work of utilizing foreign capital. The delegation of power to the lower levels not only has reduced instances of squabbling and passing the buck between the higher and lower levels but has simplified administrative links and procedures, [illegible] shortening the time between negotiation and the approval and signing of contracts in the concrete work of utilizing foreign capital and gaining both time and efficiency.

Fourth, it is conducive to the accumulation of experience and the tempering of personnel. The multilevel, multichannel and diversified forms of utilizing foreign capital has made it possible for the working personnel of various localities and departments to take part in actual economic work involving foreign countries. This is no doubt conducive to our endeavor to accumulate experience and to train and temper personel. Moreover, this has also laid the groundwork for our being able to more flexibly choose channels and means of raising funds, organically integrating the handling of foreign trade and economic relations with foreign countries, and promoting the development of economic and technological cooperation and exchanges with other countries.

However, under the present circumstances when the old economic management system is being reformed but the new economic management system and economic order are yet to be perfected, the diversified utilization of foreign capital may bring about some drawbacks:

1. Unified planning and overall coordination are poor. The lack of prompt, necessary and truthful exchange of information and program coordination between departments and localities in the multilevel and multidepartment import of foreign capital has resulted in the careless use of foreign capital, unrestrained import, blind duplication of import and blockades and competition between localities and between departments. This is not only detrimental to the development of a unified approach in our external dealings, but poses an obstacle to the smooth realization of the state's overall program and strategy of opening to the outside world.

2. The tendency of high growth rate but poor returns is present. With different localities and departments vying to import foreign capital in the absence of scientific feasibility studies, only paying attention to the raising of foreign capital and overlooking the need to correctly utilize such funds, there has appeared a lopsided pursuit of quantity and speed in the utilization of foreign capital. This has led to the tendency of high growth rate but poor returns in the utilization of foreign capital. This is most obviously reflected in the industrial structure where foreign capital is used. There are large numbers of import-oriented enterprises but very few export-oriented ones. We have, at our disposal, a host of assembly techniques but very few production techniques. And there are large numbers of labor-intensive projects of the tertiary industry but very few technology-intensive projects of the primary and secondary industries.

3. Difficulties are beginning to appear in foreign exchange balance. The multi-level intake and utilization of foreign capital and the lack of unified planning have resulted in the above-mentioned problem of three excesses and three inadequacies. This has given rise to a substantial increase in imports and led to a drastic fall in the country's foreign exchange reserve. If measures are not taken to solve this problem at the earliest possible date, foreign exchange balance is bound to be affected. This will affect the overall balance of the national economy and undermine its proportionate and coordinated development.

III. Some Points for Attention in the Diversified Utilization of Foreign Capital

How to strengthen macroeconomic management and promote the smooth progress of the diversified utilization of foreign capital and technology import on the basis of conducting investigations and study and summing up experience is a task which urgently needs to be looked into. In this regard, we believe that we must seriously take note of and tackle the following issues:

1. We must maintain a suitable scale for the amount of foreign capital to be utilized. Foreign capital cannot be utilized without limits. For a developing country, it is no doubt correct to make use of foreign capital to import technology and promote the development of the nation's economy. However, foreign capital, whether utilized through direct or indirect means, is a kind of foreign debt. Thus, we must take our national strength into consideration and suitably fix the scale of the amount of foreign capital to be utilized. Specifically, we must fix the scale of the amount of foreign capital to be utilized by the state or by the local authorities and departments in accordance with repayment ability, the country's ability to supply its share of funds and resources, and the ability to digest and assimilate advanced technology. In order to maintain foreign exchange balance and overall national economic balance, the scale and growth rate of the utilization of foreign capital must be kept proportional to national income, revenue, and foreign exchange income earned through exports. We must rectify the erroneous view that the more foreign capital we utilize, the better it is, and the faster the rate of growth in the amount of foreign exchange we utilize, the better it is.

2. We must correctly handle the relationship between the utilization of foreign capital and technology import. The intake and utilization of foreign capital is but a means to an end, which is to import advanced and suitable technology in order to promote the development of the nation's economy. Thus, the drawing in and utilization of foreign capital must be preconditioned by the import of advanced and suitable technology and scientific management methods. The intake and utilization of foreign capital must be closely integrated with technology import. To this end, we must pay attention in our work to strictly controlling the structure of projects in which foreign capital is utilized. Restrictions should be imposed on those projects which may merit the use of some foreign capital but are operating on a low technological level, or projects that are non-productive or not export-oriented. In particular, we must pay attention to avoiding duplication of imports at a low level.

3. We must formulate a unified program on the basis of the one intended for the whole trade. In order to avoid blind imports and duplication of imports, a comprehensive coordination body must be set up and charged with the responsibility of formulating a national program for the utilization of foreign capital and technology imports in different trades.

On the basis of this program, an overall program, regional and departmental programs and programs for development at different stages shall be formulated. In this way, division of work among different trades and ties of regional cooperation in the process of utilization of foreign capital and technology imports can be coordinated and arranged for various departments and regions, and a rational structure of division between economic and technological work can be achieved. Meanwhile, in order to avoid the blocking of information between regions and departments, we must set up an authoritative multidirectional information network capable of fast transmission and feedback and be ready at all times to grasp the scale, structure and changing trends of the utilization of foreign capital in various regions and departments.

4. We must formulate a policy of handling each case on its own merits and providing support to the most deserving. In order to strengthen macroeconomic management and promote the opening of the country to the rest of the world, we must readjust the present policy of providing preferential treatment to the utilization of foreign capital and technology imports in a uniform way and formulate measures and policies embodying both preferential treatment and restrictions. As far as preferential policies and measures are concerned, special care must be taken in formulating measures for treating each case on its own merits and providing support to the most deserving in the light of the specific conditions of different regions, departments, trades and the projects for which foreign capital will be used. At present, what we particularly need to do is to formulate policies and measures aimed at encouraging exports and restricting imports in order to promote the earning of foreign exchange through exports.

5. We must pay attention to increasing the socio-economic benefits of the utilization of foreign capital. The success or otherwise of the diversified utilization of foreign capital shall be judged by the socio-economic benefits it has produced. In judging the social benefits of the utilization of foreign capital, we must have quantitative as well as qualitative targets. We must take into account the macroeconomic as well as microeconomic benefits, and must think of the economic as well as social results. In order to improve the socio-economic benefits of the diversified utilization of foreign capital, we must, besides paying attention to the above points, strengthen feasibility studies. Making our feasibility studies more scientific is also quite important. In view of the fact that most of the feasibility studies for projects utilizing foreign capital were undertaken by the enterprises themselves and were not very scientific or dependable for that matter, we suggest setting up a specialized and relatively independent feasibility study agency to carry out feasibility studies on projects of utilization of foreign capital and technology imports and to appraise the benefits of such projects. This agency should be given corresponding legal rights and obligations in order to ensure that its work will not be interfered with by departments and leading organs concerned.

'GOOD SIGN' ASSESSED IN FOREIGN TRADE BALANCE

OW130814 Beijing XINHUA in English 0610 GMT 13 Aug 86

["Good Sign for China's Foreign Trade" -- XINHUA headline]

[Text] Beijing, August 13 (XINHUA) -- China's exports grew faster than its imports for the first half of this year, a "good beginning" for the country's effort to eliminate its foreign trade deficits, experts here said today. Although imports still exceeded exports in terms of actual value, the rate of growth for exports was 14.4 percent over the same period of last year, compared with 8.6 percent more for imports.

Between January and June, according to statistics released by the State Statistical Bureau, exports came to 13.53 billion U.S. dollars, and imports to 19.9 billion.

Exports of most goods registered "considerable" inreases during the first half of this year, the statistics indicated. One exception was oil, whose prices had a steep fall on the international market. Experts at the bureau and the Ministry of Foreign Economic Relations and Trade called it a successful first step taken by China to achieve a balanced foreign trade during the Seventh 5-Year Plan period ending in 1990.

Overall, China's imports last year climbed to 33.4 billion U.S. dollars, up 33.4 percent over 1984, while exports grew 5.7 percent, to 25.8 billion U.S. dollars.

FOREIGN-OWNED JOINT VENTURES ELIGIBLE FOR LOANS

OW141328 Beijing XINHUA in English 1216 GMT 14 Aug 86

[Text] Qinhuangdao, August 14 (XINHUA) -- Joint cooperatives and enterprises entirely owned by foreigners will also, like joint ventures, get loans from China. This is one of the amendments the Bank of China is now making to its provisional regulations for providing loans to joint ventures, an official of the bank told XINHUA here today. The provisional regulations promulgated in 1981 did not cover cooperatives and enterprises entirely owned by foreigners.

New types of loans will also be added, including loans provided in collaboration with other international banks, loans in the form of investment and loans that use expected profits as collateral, the official said.

The present regulations list only three types of loans, namely, self-liquidating loans, accounts receivable financing and loans for long-term investment.

The amendments will contain a new interest rate for loans, called market interest rate, which will be decided through negotiation between the creditor and borrower, in line with the international market interest rate, said the official in charge of the bank's credit issue. The present regulations stipulate that the Bank of China fixed the interest rate for loans in foreign currency with the approval of the People's Bank of China. The new regulations stipulate that a loan agreement should include clauses on credit guarantee and penalties for violations.

"We are amending the regulations in a bid to create more favorable conditions for the development of enterprises with foreign investment," the official said.

The new regulations, he said, will be put into effect as soon as they get approval from the State Council. But before promulgation, loan agreements still have to be signed according to the present regulations.

LIAOWANG ON MODERN EQUIPMENT OF PLA CORPS

HK140914 Beijing LIAOWANG in Chinese No 30, 28 Jul 86 pp 20-21

[Article by Yi Jianru and Chen Xiangan: "The PLA Engineering Corps Is on the Move"]

[Text] In the course of advancing toward modernization, the PLA Engineering Corps, which is praised as a "trailblazer", has put an end to its past career of mainly relying on picks and spades, which lasted more than half a century, and begun a new period of mechanization.

The new generation of the PLA Engineering Corps is a technical arm of the services with a comprehensive defense ability. As a technology-intensive arm, it comprises specialized units for construction of military projects, pontoon bridges, camouflage, water supplies in the battlefield, and maintenance of projects. Apart from ordinary projects, such as building roads and bridges, the corps can also use various advanced technologies to overcome and install various artificial barriers, including minefields, and to build complicated positions. With the development of weaponry, it can also adopt relevant countermeasures and provide protective means against enemy reconnaissance using visible light, infrared, and radar. The engineering corps plays an important role in our army's modernization drive.

Iron "Hercules" Replace Picks and Spades

After streamlining administration and reorganization, the engineering corps began to be equipped with all kinds of bulldozers, excavators, and trench diggers, in order to gradually replace picks and spades. These iron "Hercules" can build defense positions and emergency highways very quickly and help motorized troops remove obstacles on roads. Last summer, hit by rainstorms and floods, more than 20 beds and 110 sections of a road sank near the Laoshan front of Yunnan Province, and traffic was obstructed. At this critical moment, a regiment of the engineering corps rushed to repair the road with various machines and soon reopened it to traffic despite the gunfire of the Vietnamese troops.

During a military exercise, we witnessed how these machines displayed their great abilities. With a rumble of motors, we saw several military bulldozers moving on undulating hilly land. This kind of bulldozer, which is armored and equipped with flat-fire and antiaircraft machine guns, can work under enemy fire. After the bulldozers entered the antitank barrier zone, some pyramids were pulled out one by one and put aside, post obstacles and high walls were pushed down, and ditches were filled up one after another. After that, a number of loading, unloading, and road-paving machines entered the field. Very soon, two highways were built on the undulating hilly land, and then came some tanks and armored cars. It was said that the productivity of road machines possessed by the engineering corps has increased by 200 to 300 percent, compared with those of the late seventies.

While building the highways, the construction unit was also busy building defense works, a headquarters, and tank and motor vehicle bunkers. According to calculations of a relevant department, in modern warfare, in order to build a defense position for an army division, it is necessary to dig out more than 900,000 cubic meters of earth, at an average of 100 cubic meters of earth per soldier. This can be completed in 1 month through manual work. But a military excavator can dig a 130-meter trench in an hour, equal to the amount of work done by 165 soldiers.

Building the headquarters was even quicker. Soon after we saw an excavator withdraw its long earth-digging arm, a tube-shaped shelter made of toughened glass was placed in the pit, and covered by a layer of earth and stone. We entered the shelter and found that it had already been furnished with desks, chairs, lamps, and telephones.

Magic-Like Camouflage

At present, all countries are paying great attention to the camouflage work of their armies. As a result of great improvements in reconnaissance means, the percentages of hits, and the destructive power of weapons, "discovery means destruction." There is also a special troop in our engineering corps whose main task is to camouflage various military facilities, including headquarters, rocket launching pads, communications hubs, roads, and airports during war time, while building various false targets to confuse the enemy.

In the Engineering Corps, there is also a kind of color-camouflage vehicle. We saw some soldiers on a color-camouflage vehicle, dressed in camouflage colors and with spray guns in hand, spraying colored paint onto several armored cars and engineering vehicles. Several minutes later, the originally dark green vehicles were painted in the same colors as the surrounding environment. This kind of color-camouflage vehicle can use different-colored paint in different areas to camouflage military targets depending on different surroundings such as forest, grassland, or desert.

Among the camouflage exhibits, we saw a kind of camouflage net, which looks like whitenylon cloth. It can be used to camouflage weaponry, equipment, and fortifications in an expanse of white snow. It can deceive the enemy's "eyes" and confuse enemy reconnaissance using ultraviolet or infrared apparatus. This product won a national scientific progress award.

We also saw a "secret weapon" deployed at the position. It was called an angle reflector [jiao fan she qi 6037 0646 1410 0892] and was made of metal. These reflectors were made in different patterns, including triangular, T-shaped, and herringbone patterns. Some were as large as a tabletop, while others were as small as a chair. These green "monsters" were capable of creating false impressions. When a particular pattern of the angle reflector was deployed, the enemy would take it for a tank, a gun, a bridge, or a ferry according to radar signals. If a number of such relfectors were deployed together, the enemy might even believe that there were large numbers of tanks!

Wonderful Views of Demolition

Manual operations in demolition which are characterised by "sending explosive packages by man and laying mines with spades" have not already become history. A series of advanced demolition technologies have emerged, including rocket mining, machine mining, air mining, and mine-sweeping by means of rocket and machine.

The rocket mining was really magnificent. In front of us, there was some vehicle carrying more that 20 gun barrels for rocket mining. When the mining began, we heard the deafening roar of continuous gunfire and saw fiery dragons flying through the sky, blossoming into numerous flower-like parachutes thousands of meters away. Below each parachute, there was a mine. Soon the predetermined area became a minefield covered with thousands of mines. [paragraph continues]

In modern warfare, in order to intercept and destroy groups of enemy tanks, it is necessary to plant mines in such broad areas quickly and flexibly.

Then how do we deal with the minefields laid by the enemy? It is just a matter of setting one's spear against one's own shield! Our engineering corps now has a kind of mine-sweeping rocket-carrying vehicle, as great as the vehicle carrying rocket guns. In several minutes, the mine sweeping vehicle can fire dozens of mine sweeping shells, which soon turn the minefield into a mine-free area with their long tongues of fire among thick smoke and thunderous roars. It is even easier to deal with a minefield against infantry. A path can be quickly opened up by reliable mine detectors and various kinds of rocket torpedoes and mine sweepers, even in hilly or forest areas. In the demonstration, there were many new explosives. Some soldiers placed several articles as big as tea-cups in the positions before them. Very soon individual dug-outs were created after the sounds of explosions were heard. Then the soldiers jumped into the dug-outs quickly and set off oriented mines some dozens of meters away by remote control to blast five plastic figures to pieces. This new technology for rapidly building blindages and setting off oriented mines by remote control was well received by the soldiers.

People may still remember that the torpedo used by the hero Huang Jiguang to blow up an enemy blockhouse looked like a long iron bar. But now the torpedoes have been replaced by new ones, including soft torpedoes and those of both hard and soft composition. The latter can be used in combination or separately as a grenade. Soft torpedoes are easy to carry. They can be bent, coiled, or carried on the back like a sack of rice.

Conquer Natural Chasms

The exhibition of the bridge-building unit was a real eye-opener. On the rolling river, more than 10 assault boats were moving at full speed. Under the cover of smoke shells, an amphibious work reconnaissance vehicle, equipped with transit and laser range finder, was driven toward the crossing site. It can automatically measure the water-flow speed and depth, and draw a section chart of the river, providing all necessary figures for bridge construction.

The first bridges to be built were heavy-duty and light-duty mechanized bridges. A truck entered the work area. Through mechanized transmission equipment, the bridge body was pulled up and then unfolded and spread out like the movement of scissors. Then the bridge piers were laid. After an arch had been completed, another vehicle was driven to the bridge and, "standing" there, continued to build the bridge. The construction did not stop until the iron "arm" reached the opposite bank.

Building bridges by tank was even faster. A bridge-building tank, with a tank chassis as the main body, was driven to the river bank. It carried two folded steel bridge frames and later, with the roar of motors, unfolded and stretched out the steel bleam, just like a Hercules lifting something much longer than himself. Soon there was a gigantic bridge spanning the river. We looked at our watches and found that it had only taken about 5 minutes to complete a bridge 18 meters long.

The building of band floating bridges [dai shi zhou qiao 1601 1709 5297 2890] was most attractive. Under cover of smoke shields, a bridge-building team rushed to the crossing site in spite of enemy fire. The bridge-building vehicle carried some concertina-like objects and let them slide down the hill slopes one by one to the river. In the water, these objects automatically opened and became boats. They were pushed forward by a steamship. In a few minutes they were linked together and became a long iron bridge spanning the river. Experts said that this kind of band floating bridge was once built over the roaring waves of a great river. At present, only the Soviet Union, the United States, France, West Germany, and China can build this kind of bridge.

After the bridge was built, tanks, armored cars, rocket-mining vehicles, and crawler mine-sweeping vehicles were able to cross the river steadily.

The mechanization of troops has a direct bearing on the result of a battle. Along with the development of our mechanized troops, there will certainly be an increasing demand for road and bridge-building technologies in future anti-aggression wars. The modern bridge-building technology of our engineering corps will be able to turn natural chasms into thoroughfares.

PLA TRADING COMPANY HOPES TO EXPAND EXPORTS

HK140242 Beijing CHINA DAILY in English 14 Aug 86 p 2

[By staff reporter Wang Xingcun]

[Text] The biggest trading company of the Chinese People's Liberation Army (PLA) hopes to expand its export business fron coal to salt, animal by-products and foodstuffs.

More than 400 army-owned factories, enterprises, farms and horse-breeding farms are currently holding a joint export commodities fair at the Military Museum of the Chinese People's Revolution in Beijing, with 5,000 products on display.

Some 100 enterprises and institutions from 17 provinces and autonomous regions are also participating in the exhibition.

The united exhibition and sale of export commodities is sponsored by China Xinxing Corporation (CXXC), the biggest "comprehensive trading corporation of the army."

"The exhibition's chief aim is to carry out the directives of the State Council -- opening up the international market and trying to earn foreign exchange while contributing to the welfare of the army and the country," said Zhang Zhiqiao, general director of CXXC.

"We have concluded $40 million worth of transactions with foreign business firms and earned $20 million since our corporation was set up in June 1984," Zhang said.

The Army has set a $15 million earnings goal for the corporation this year, but the Ministry of Foreign Economic Relations and Trade hopes it can bring in another $50 million, Zhang said.

Excluding weapons factories, the Chinese army apparatus runs more than 4,000 military supply factories, farms, horse-breeding farms, mines and research institutions with a workforce of 700,000, Zhang said.

They are allowed to sell their products only to CXXC or the State commercial network, Zhang said. It most cases they prefer CXXC "because we take only a service charge."

CXXC is expected to export 1,000 tons of prawns this year; it owns a 10,000-mu (about 600 hectares) prawn farm in Zhanhua Country, Shandong Province.

Two-thirds of the salt exported to Hong Kong is provided by the two-year-old corporation. It has 16 horse-breeding farms, including the Shandan Horse Farm with 360,000 hectares of grassland in Gansu Province, Zhang said.

It has many rare metal mines, Zhang noted, but added that export hopes are centered on its coal mines.

He said the corportation would welcome co-operation, joint ventures and processing services projects.

It is in charge not only of export business, but also of "imports of advanced technology and equipment as well as goods and materials needed by army enterprises and units."

"We have imported goods worth $30 million, much of it medical instruments for some 1,000 army hospitals and equipment for factories, "Zhang said, "We could have purchased more if we had the foriegn exchange."

PROVINCIAL LEADERS WRITE INSCRIPTIONS FOR ALBUM

SK150534 Jinan Shandong Provincial Service in Mandrain 2200 GMT 14 Aug 86

[Text] A photograph album named "The Motherland and the War History Are in My Heart," was published recently.

This photograph album truly records glorious military successes during the defensive war in Laoshan, and in many ways reflect the activities to keep the motherland and war histry in mind carried out by various localities throughout the country. This album is also of precious value for it plentiful historical data.

Zhang Aiping, minister of national defense, selected the name of the album. Yang Dezhi, chief of General Staff; Hong Xuezhi, director of the General Logistics Department; Li Changan, governor, separately wrote inscriptions for it.

FANG YI MEETS U.S. SCIENCE TALENT SEARCH WINNERS

OW131150 Beijing XINHUA in English 1136 GMT 13 Aug 86

[Text] Beijing, August 13 (XINHUA) -- Chinese State Councillor Fang Yi met here this afternoon with a delegation of Westinghouse Science Talent Search winners from the United States led by C.P. Sobelman, president of the foundation of American-Chinese Cultural Exchanges. The science talent search, set up by the Westinghouse Electric Company, is aimed to encourage the U.S. middle school students to engage in scientific researches. The delegation includes two members who, both 17, are this year's two best winners of the Westinghouse Science Talent Search. Liu Yandong, president of the All-China Youth Federation, was present on the occasion. The delegation has come to visit China as guests of the All-China Youth Federation.

SONG JIAN ADDRESSES BEIJING CYBERNETICS MEETING

OW141205 Beijing XINHUA Domestic Service in Chinese 1311 GMT 12 Aug 86

[By correspondent Zhou Ping]

[Text] Beijing, 12 Aug (XINHUA) -- The 1986 academic symposium sponsored by the International Federation of Cybernetics to discuss cybernetic science and technology and their social applications began in Beijing today.

Speaking at the opening ceremony today, Song Jian, state councillor and minister in charge of the State Scientific and Technological Commission, said: Universally acknowledged successes have been achieved in the area of cybernetic science and technology. Not only have cybernetic principles, theories, methods, and technology achieved enormous successes in the field of engineering, they have also contributed to achieving remarkable results in sociological, economic, ecological, economic and demographic studies.

Song Jian, a systems engineering expert, pointed out: With the development of science and technology -- especially the development of computer science and technology -- during the past 50 years, cybernetics has demonstrated enormous potential and broad prospects in various departments. That is why an increasing number of scientists, sociologists, economists, ecologists, biologists, and philosophers have been attracted by cybernetics to jointly develop new theories and new disciplines.

He said that the present academic meeting provides an excellent and valuable opportunity for exchanging the encouraging results accomplished in cybernetic research and application. He believed that the meeting will significantly contribute to the development of cybernetic science and technology, which he described as a field of increasing importance.

A total of 81 scientists from 11 countries are attending the meeting. During the 4-day session, they will exchange academic views as well as report on the results of their research.

HU YAOBANG MEETS HEBEI STUDY SESSION CADRES

OW122148 Beijing XINHUA Domestic Service in Chinese 1324 GMT 12 Aug 86

[By reporter Tan Feng]

[Text] Shijiazhuang, 12 Aug (XINHUA) -- The Hebei Provincial CPC Committee sponsored a study session [xue xi hui 1331 5045 2585] in Chengdu from 15 July through 12 August for middle-aged and young cadres of prefectual: - and county-level leading groups in an effort to improve their leadership through studying how to creatively implement the Central Committee's policies and correctly handle inner-party problems. A total of 18 prefectural and municipal party committee secretaries attended the study session. During an audience with these cadres on 20 July, Hu Yaobang, general secretary of the CPC Central Committee, pointed out that after a certain period of work, it was a good idea for them to spend some time on study and on researching some issues.

When Hu Yaobang inspected Yi County in Hebei last April, he told the middle-aged and young cadres of leading groups at all levels that in order to be more capable of handling actual problems, they should creatively implement the Central Committee's policies and correctly handle inner-party problems. Based on this requirement, the Hebei Provincial CPC Committee selected a number of relevant Marxist-Leninist works and articles by Comrade Mao Zedong as well as some documents published by the Central Committee and invited some comrades with rich practical experience and theoretical knowledge to teach them. In the course of the session, the cadres supplemented their reading, which was the main project, with discussion and exchanging experiences.

During the study session, which lasted nearly 1 month, the secretaries of prefectural, municipal, city, and county party committees earnestly studied the documents and discussed their experiences and views without any inhibitions. The study session proceeded from beginning to end in a lively manner. The study made the cadres realize the importance of knowing how to creatively implement the principles and policies of the Central Committee and how to correctly handle inner-party problems, Some comrades commented: While it is necessary to adhere to the Central Committee's cardinal principles in shouldering the burden of this age, it does not necessarily mean that every clause must be rigidly followed; one should have the courage to be realistic and work creatively in accordance with actual local situations; instead of following rules mechanically or taking short-cuts, one should have a strong sense of responsibility in devotion to the four modernizations, work hard, conduct in-depth investigation, and dare to bring up new ideas. They also pledged to assiduously study theories about dialectical materialism, an to be more conscious of the need to constantly explore new ways to do a better job. They also put forward many good proposals regarding how to correctly handle inner-party problems and discussed how to carry out ideological and political work to facilitate the implementation of the party's central projects. Xing Chongzhi, secretary of the Hebei Provincial CPC Committee, chaired the study session.

VICE PREMIER WAN LI VIEWS XINJIANG ROPEDANCING

OW121511 Beijing XINHUA Domestic Service in Chinese 0702 GMT 12 Aug 86

[Excerpts] Urumqi, 12 Aug (XINHUA) -- On the afternoon of 11 August, a Uygur girl dressed in national costume was ropedancing at the Nanmen Stadium. [passage omitted]

After the performance, Wan Li, vice premier of the State Council, drew the girl to his side and, sizing up the bowls she had carried on her head, told her cordially: "It was not easy. Your performance was a success." The girl smiled cheerfully.

QIAN ZHENGYING ADDRESSES POWER PLANT SYMPOSIUM

OW141156 Beijing XINHUA in English 1136 GMT 14 Aug 86

[Text] Beijing, August 14 (XINHUA) -- Eighty-five foreign specialists and scholars and their 123 Chinese counterparts are now discussing their research findings and development activities in applying them to various aspects of power system and of power plant control at a symposium now in session here.

Altogether 104 papers were presented to the symposium for consideration by participants from 18 countries and regions. These papers also include ones by specialists of some countries who have not yet arrived because of various reasons.

The papers cover power plant control, safety analysis, control center design, microcomputer systems, optimal power flows and voltage control, etc.

The symposium is sponsored by the Application Committee of the International Federation of Automatic Control (IFAC) and organized by the Chinese Society of Electrical Engineering and the Chinese Association of Automation.

Addressing the symposium, Chinese Minister of Water Resources and Electric Power Qian Zhengying said that the past few years had seen a fast growth of her country's power industry with the national total installed generating capacity reaching 87,000 mw by the end of 1985. And China's 1985 power output was 410.6 billion kwh. China now has seven large power grids and four of them have an installed generating capacity of more that 10,000 mw each.

By the end of the century, she said, there will be a greater growth for the industry and a nation-wide integrated power grid will be gradually established.

"To ensure a safety operation and an optimal power flow of such a large power grid, efforts must be made to solve the technical problems in terms of automatic control," she said. The minister expressed the belief that the symposium would be helpful to China in this regard.

"The automation of a power system and of power plants will result in an economic, reliable and high quality electric power service," Dr. Tomas Dy Liacco, chairman of the IFAC working group on electric power systems, told XINHUA.

Furthermore, the internationally well-known specialist on automation added, with the automation it would be possible to realize savings in investment costs by deferring the installation of some additional electrical equipment through a more efficient utilization of existing equipment.

The international symposium on power systems and power plant control which began Tuesday is scheduled to end here Friday.

ANHUI'S WANG YUZHAO ADDRESSES ECONOMIC MEETING

OW141031 Hefei ANHUI RIBAO in Chinese 31 Jul 86 pp 1, 3

[Text] The provincial people's government held a provincial meeting of commissioners and mayors in Hefei 25-28 July to transmit and implement the guidelines of the national meeting of commissioners and mayors. The meeting, presided over by governor Wang Yuzhao, focused on analyzing Anhui's economic situation in the first half of this year and on planning economic work for the remaining 6 months. Attending the meeting were Li Guixian, Shi Junjie, Lu Rongjing, Xu Leyi, Meng Fulin, Hou Yong, Ying Yiquan, Zhang Dawei, Shao Ming, Yang Jike, Wang Houhong, Song Ming, Zheng Jiaqi, Li Jixiang, and Yang Zhenyi, responsible comrades of the Anhui Provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, the provincial CPPCC Committee, and the provincial party committee's Discipline Inspection Commission. Also attending the meeting were commissioners of various administrative offices; mayors of cities under provincial jurisdiction; chairmen of economic and planning commissions and directors of labor bureaus of prefectures and cities under provincial jurisdiction; and responsible comrades of various commissions, general offices, departments, and bureaus concerned directly under provincial authority and of various enterprises directly under state authority in Anhui. Vice governors Zhang Dawei and Shao Ming spoke, and governor Wang Yuzhao delivered a summing-up report at the meeting.

In his summing-up report, Governor Wang Yuzhao said: The overall economic situation in the first half of this year was fine. Summer crop harvests were better than expected and autumn crops are growing well. Financial revenues grew along with overall economic development. Export growth exceeded the average national level, and commodity market prices were generally stable. However, there was a decline in industrial economic efficiency, while excessive growth was registered in financial expenditures. Some localities were stricken by diasters. All this should draw the attention of leaders at all levels. It is now necessary to seize the opportune time to do a good job in consolidating the various reform measures, make proper arrangements for industrial and agricultural production in the latter half of the year, create an excellent situation, and develop a fine economic climate for next year's reform.

After reviewing the situation in Anhui since the launching of rural reform, Governor Wang called for upgrading agriculture to a new state in the future. For that purpose, he urged all localities to do a good job in the following tasks:

1. Concentrate on grain production and conversion. On the one hand, it is necessary to stabilize grain acreage, increase per-unit area yield, restructure production and crop patterns in a reasonable fashion and in accordance with local conditions, continue to implement and perfect the various economic policies, enrich the economic substance of grain procurement contracts, and support peasants in developing grain production. On the other hand, efforts should be made to convert grain into nutritious food through industrial means, convert grain into animal protein through the development of animal husbandry and aquatic production and breeding, and convert grain from a raw material into industrial and medical products through scientific and technological means.

2. Vigorously develop village and town enterprises and a diversified economy. The source of strength for the development of village and town enterprises lies in the myriads of households. [paragraph continues]

It is necessary to persist in vigorously developing household-run and joint household-run enterprises, to develop household industry, and to promote the production of single products by villages and the production of single or several products by townships. Efforts should be made to develop a large number of specialized villages and townships (towns) so as to rapidly form a multitude of large-scale specialized complexes and small economic zones, each with its own traits and specialized fields. Attention should be paid to key enterprises run by districts, townships (towns), and villages, and efforts should be made to inspire large numbers of households. Those party members and cadres who can inspire a large number of peasant households to achieve prosperity through labor and with the support of well-off people are good party members and cadres worth commending vigorously. All localities should give strong support to the development of village and town enterprises, to specialized households, to large specialized households, and to the various peasant-entrepreneurs, and after conducting investigation and study, hold seminars of peasant-entrepreneurs and large specialized households in order to commend their advanced deeds and let them exchange prosperity. It is necessary to energetically promote the implementation of "spark projects," and help village and town enterprises improve their technological level, develop new products, and upgrade product quality. At the same time, it is essential to develop all kinds of trades, including farming, aquatic breeding, processing, and service trades. Special attention should be paid to the development of a courtyard economy [jing yuan jing ji 1656 7108 4842 3444].

3. Vigorously develop rural specialized markets and create favorable conditions for peasants to embark on commodity circulation. Peasants should be not only masters of agricultural production but also masters of rural commodity circulation. It is necessary to step up leadership over and provide good services for the burgeoning rural specialized markets. Continuous efforts should be made to step up the building of small cities and towns in the countryside into links for rural industrial bases, commodity distribution centers, and economic and cultural centers, as well as for urban and rural areas. With the widespread small rural cities and towns serving as links and bridges, the central cities should extend their multiple functions to surrounding areas so as to expedite the process of integrating urban and rural areas.

4. Increase investment in agriculture. Investment in water conservancy projects should be restored to the 1980 level as soon as possible, and vigorous efforts should be made to organize people to repair basic agricultural facilities in bad repair. At the same time it is necessary to promote the accumulation of funds for labor employment. The masses should be mobilized to undertake water conservancy projects in a big way every winter.

5. Introduce and popularize advanced agricultural science and technology. While continuing to popularize cropping techniques, vigorous efforts shold be made to breed and popularize improved varieties of wheat and rice; improve techniques for planting cotton, oil-bearing crops, edible fungus, fruit trees, and other cash crops; and improve techniques for processing aquatic as well as farm and sideline products in order to achieve better economic results.

On industrial production in the second half of this year, Governor Wang stressed both growth rate and economic results. It is necessary to achieve a growth rate that is above the country's average; at the same time, first priority should be given to achieving better economic results. For this purpose, it is essential to readjust the product mix and to increase the output of marketable products. In the supply of energy and raw and semifinished materials, priority should be given to enterprises with better economic results. [paragraph continues]

Attention should be paid to creating a favorable environment for enterprise operations. In the second half of the year, an inspection should be made in all localities for the following four purposes: 1) To check on the delegation of power to enterprises; 2) to check on the burdens borne by enterprises; 3) to check on product quality; and 4) to check on the reorganization of companies of an administrative nature.

Governor Wang said: In developing a commodity economy, it is necessary to pay attention to commodity circulation, to build a market system, and to have a clear understanding of value, market, competition, efficiency, and economic results. He called for efforts to promote commodity circulation by doing the work well in the following several aspects: First, efforts should be made to unclog channels between town and country and to transport industrial products to the countryside. It is necessary to try in every possible way to ship middle- and low-grade goods that have saturated cities and towns to rural areas where there is a great demand for such goods. Correct guidance should be provided for consumption, and higher prices should be allowed for better-quality goods. There should be a reasonable price difference between high- and low-grade goods. In addition, there should be a difference between wholesale and retail prices as well as regional and seasonal price differences. To do business well, prices should be allowed to fluctuate to a certain extent. Second, vigorous efforts should be made to purchase farm and sideline products, and banks should guarantee that there are adequate funds for such purchases. In the busy purchasing season, the number of purchasing stations should be increased, and their service should be improved. Third, efforts should be made to increase the number of salesmen. It is necessary to ensure that procurers and salesmen of state and collective enterprises have sufficient funds to carry out normal operations. A contract system may be instituted to promote the sale of goods, and rewards may be given to those who are skillful in promoting the sale of goods that are difficult to sell. State and collective enterprises may engage or commission individuals as their procurement or marketing agents. Such individual procurement and marketing agents should be so called. In a socialist economy, their business is as legal as that of those engaged in farming, commerce, transport service, and other specialized work; they play the role of bridge between production and consumption. In all localities, attention should be paid to developing the ranks of procurers and salesmen, protecting their legitimate rights and interests, and bringing their positive role into full play.

Governor Wang also expressed some views on and set some requirements for effectively carrying out the reform of the labor system, continuing the system responsibility of factory directors, striking a balance between this year's revenue and expenditure with some surplus, making flexible use of funds, making proper arrangements for the livelihood of the masses in disaster areas, helping poverty-stricken areas bring about improvement, arranging the supply of vegetables and other nonstaple foodstuffs for city residents, and improving the living standards of people living in urban and rural areas. In conclusion, Governor Wang stressed: our tasks for the second half of this year as well as the reform tasks have been defined. What we should do now is to carry them out. The leaders at various levels should overcome bureaucracy, improve their workstyle, go to basic units to help them solve practical problems, provide good services, and strive to win the first battle in the Seventh 5-Year Plan.

ANHUI COURT OFFICIALS MEETING SETS GOALS

OW140631 Hefei Anhui Provincial Service in Mandarin 1000 GMT 12 Aug 86

[Text] A provincial meeting of presidents of prefectural and city intermediate courts and criminal appeals courts was held in Hefei 5-9 August. The meeting called on courts at all levels in the province to basically complete within a year the review of appeals concerning counterrevolutionary and other political cases handled before the Cultural Revolution; and properly settle problems left over from the review of criminal cases handled during the Cultural Revolution, and those leftover from implementing united front policies. The meeting pointed out that, in reviewing cases left over from history, courts at all levels should correctly follow the party's policies and observe the law of the state, do a good review with high political awareness, carry out the party's policies in a down-to-earth manner, further improve case-handling and work method, and strive to raise work quality and efficiency, in order to ensure that policies on legal case handling are properly carried out before the holding of the 13th party congress.

TIANJIN MAYOR URGES BETTER ART, LITERATURE

OW141350 Beijing XINHUA Domestic Service in Chinese 0146 GMT 14 Aug 86

[Excerpts] Tianjin, 14 Aug (XINHUA) — Speaking of a current problem concerning literary and art works in his municipality, Tianjin Mayor Li Ruihuan said: In the final analysis, literature and art are things that belong to the people. Producing something the masses like is the starting point for the creation of literary and art works. Whether literary and art works are liked by the masses is the ultimate test determine whether literature and art are serving the people. The present problem is not that "our works are too highbrow to be popular," but it is that "they are so crude that only few people enjoy them."

Li Ruihuan said: While continuing to raise the people's material living standards, we must provide them with more spiritual nourishment, establish in the whole society a civilized, healthy, and scientific lifestyle suited to the development of modern productive forces and the needs of social progress, and discard what is backward and ignorant. It is a law that when people become better off, they start thinking of literature and music. Now our people live and work in peace and contentment and have a wide-ranging interest in all kinds of pastimes. In addition, television and other mass media are now widely popular. All this has broadened to a great extent the horizons of the masses. With regard to literary and art works, they impose higher and higher demands and are increasingly selective. They insist that literary and art works not only open their minds but also give them artistic and esthetic enjoyment. In this regard, what we have done is far from sufficient. [passage omitted] Literary and art workers in Tianjin should take not of this problem and think seriously about what they should do. If we are indifferent and turn a blind eye to the earnest desire of the masses, then their response to our literary and art works will be a cool one. With regard to this matter, I "appealed for the people" once again, requesting that more "highbrow and popular" works be produced.

As a literary and art enthusiast, Li Ruihuan attended a forum on the creation of literary and art works in Tianjin. [passage omitted]

SHENZEN MAYOR VIEWS HEALTHY DEVELOPMENT OF SEZ

OW141312 Beijing XINHUA in English 1221 GMT 14 Aug 86

[Excerpts] Shenzhen, August 14 (XINHUA) — The Shenzhen Special Economic Zone (SEZ) has tided over a difficult period and embarked on a stable, consistent, coordinated and healthy development, Mayor Li Hao said here today. [passage omitted]

Li Hao said the overextended capital construction in the SEZ had been brought under control, with investment structure readjusted. During the first six months of this year, 36.8 percent of the investment, or 4.2 percent more than last year, was used to build manufacturing and communications facilities. The period generated 1.446 billion yuan in industrial output, or nearly half of the year's total, showing a 13.1 percent increase over the same period of last year. The value of manufactured goods exports accounted for 40.8 percent, as against 30.4 percent in the same period of last year. The value of export commodities totalled 319.97 million yuan, a 24.4 percent increase. Progress has also been made in agricultural, vegetables, fruits, poultry and aquatic production.

Li Hao said the Shenzhen Special Economic Zone used 149 million U.S. dollars of foreign capital during the first six months, 11.3 percent more than in the same period of last year. The SEZ revenue reached 396 million yuan, a 5.4 percent increase. The zone has paid off 96.93 million yuan of bank loans. [passage omitted] The difficult period is over and the future is encouraging, the mayor declared. He said the zone will use two billion yuan for capital construction this year.

HENAN MINING BUREAU RECTIFIES PARTY WORK

HK121240 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 1 Aug 86

[Excerpts] According to HENAN RIBAO, the Pingdingshan Mining Bureau achieved good results in implementing a comprehensive responsibility system for correcting party style. The Ministry of Coal Industry recently held a national conference at the bureau on discipline inspection work in the industry, so as to popularize experience.

In the past, the bureau handled party style work in the same way as a fire brigade does, only going places where problems are. Consequently, problems could not be thoroughly dealt with even though the party committee and discipline inspection commission were busily engaged in the work. After an in-depth investigation by the bureau CPC Committee, it was found that the situation developed because party style work was only carried out among the discipline inspection departments. There were no clear distinctions in responsibilities and no perfect system of rewards and penalties.

Following the investigation, the bureau CPC Committee worked out a comprehensive responsibility system for correcting party style. In the system, each level is assigned responsibilities and there are different tasks for different departments. [passage omitted] Therefore, it has formed a supervisory network through which the bureau can promptly discover and correct problems. [passage ommited]

CHENGDU PLA IMPLEMENTS 'EIGHT PROHIBITIONS'

HK150135 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 14 Aug 86

[Excerpts] The Chengdu Military Region is distributing 20,000 copies of material on the 8 prohibitions to basic-level units, and is taking steps to urge the organs and the basic-level units to implement them. These eight prohibitions were proposed to the Army by Yu Qiuli, directory of the General Political Department. [passage omitted]

The Chengdu Military Region CPC Committee has taken a firm stand and a clear-cut attitude regarding the implementation of the eight prohibitions. Leaders such as Wan Haifeng and Fu Quanyou have organized the cadres to seriously discuss them and to formulate specific measures for implementing them. They have called on all units to strictly implement the eight prohibitions. [passage omitted]

The Chengdu Military Region has also dealt with a few cadres who have seriously violated the provisions of the eight prohibitions.

SICHUAN HOLDS CONFERENCE ON FIGHTING DROUGHT

HK141559 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 12 Aug 86

[Excerpt] According to SICHUAN RIBAO, from 10 to 11 August in Mianyang, the provincial government held an urgent conference on fighting drought. It was attended by leaders from 9 prefectures and cities, namely, Mianyang, Chengdu, Guangyuan, Nanchong, Deyang, Leshan, Peiling, Daxian, and Neijiang; comrades from 16 counties in northwestern Sichuan, which was severely hit by drought; and responsible comrades of the relevant provincial departments and bureaus. The conference demanded that areas severely hit by drought have a clear understanding about the situation, strengthen their confidence, enhance their vigor, formulate new measures, and try every conceivable means to win new victories in the anti-drought struggle.

Jiang Minkuan, deputy secretary of the provincial CPC Committee and governor, attended the conference and spoke. Xie Zhijie, Standing Committee member of the provincial CPC Committee and vice governor, presided over the conference and made a summation.

The weather has been unusual in the province since the beginning of this year. Hit by low temperatures, spring cold, summer cold, hailstones, rainstorms, and floods, agricultural production has been carried out under extremely difficult conditions. In some areas, all ponds, reservoirs, and rivers are dry. Not only is there no water to save crops, but human beings and animals have very little water to drink.

The provincial government demanded that party members and cadres enhance vigor, have a strong sense of responsibility to the party and people, and organize and mobilize the masses to develop production to surmount the drought.

At present, in areas severely hit by drought, rural work must be subordinate to fighting drought and providing relief, which must be treated as the central task and grasped firmly. Prefectural, city, and county leading comrades must go deep into the grass roots to conduct research and investigation and must send a great number of cadres to the first line to mobilize the masses and implement the measures for fighting drought, providing relief, and increasing production. [passage omitted]

SICHUAN MAYOR OUTLINES DEVELOPMENT PLANS

HK150133 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 14 Aug 86

[Excerpts] Luzhou City Mayor (Liu Yiren) gave a press briefing in Chengdu on 14 August to introduce the city's economic development in recent years and its future prospects. [passage omitted]

He said: In recent years the city has established three main pillars of its economy -- well-known wines, chemical industry, and machine-building. However, the city's economy is still rather backward. In order to speed up development, Luzhou City has formulated a comprehensive plan covering the years 1985 to 2000. This came into effect after being officially approved by the provincial government on 13 August.

According to the demands of the plan, by 2000, Luzhou City will be built into an important waterway transport and an important base of energy, heavy industry, and the chemical industry. We hope therefore to gain vigorous support from various sectors.

SICHUAN COMMENDS ADVANCED IN FAMILY PLANNING

HK141557 Chengdu Sichuan Provincial Service in Mandarin 0930 GMT 12 Aug 86

[Text] During the Sixth 5-Year Plan, scientific research personnel in the province made great achievements in research on contraceptives, birth control technology, and eugenics. Some 16 items, 8 units, and about 50 individuals were commended and awarded by the State Family Planning Committee.

At a provincial conference on family planning work held yesterday evening, leading comrades of the provincial CPC Committee, the provincial government, and the provincial People's Congress Standing Committee Yang Rudai, Gu Jingchi, Huang Qichao, Liu Haiquan and Liu Yunbo awarded citations to units and individuals that won national prizes in scientific research on family planning. They also called on scientific and technological personnel engaged in family planning work in the province to actively promote and apply the achieved scientific research results, to give full play to their social benefits and economic effects, and to promote in-depth development of family planning work.

NORTH REGION

HEBEI SELF-EMPLOYED TAKE PROFESSIONAL ETHICS CLASS

OW141714 Beijing XINHUA in English 15[illegible]3 GMT 14 Aug 86

[Text] Shijiazhuang, August 14 (XINHUA) — More than 39,000 self-employed persons in Qinhuangdao City, Hebei Province, were recently awarded certificates after passing an examination on professional ethics.

This training program was launched by the authorities of the city last winter in a bid to improve the quality of their service, a local official said. Those trained were given lectures on the legal system, taxation, industry and commerce, hygiene and management. Before the training, the official said, a considerable number of the self-employed were ignorant of the tax rules and regulations for industry and commerce and the hygiene law. The official said that many self-employed people had paid the taxes they had dodged after the training and many of them have taken an active part in running public welfare undertakings and helping the poor.

LI LIGONG DISCUSSES SHANXI MILITIA REFORM

HK140923 Taiyuan SHANXI RIBAO in Chinese 28 Jul 86 p 1

["Excerpts" from a speech delivered by Li Ligong at a provincial meeting to exchange experience in reform of militia and reserve service work — date not given]

[Text] Since the transmission of the Central Document No 22 for 1985, government and party organizations and Army units at all levels in the province have conscientiously studied and widely publicized it, and paid close attention to its implementation, thus achieving tangible results. The main purpose of this meeting is to sum up and exchange experience in the reform of the province's militia and reserve service work and to discuss and revise its "3-Year Plan for the Militia and Reserve Service Work." The present meeting is a great success, with all the projected objectives being attained.

Now I will speak on three points.

1. Adhere to the correct orientation of the building of reserve forces in the new period and do militia and reserve service work well, always bearing the building of the two civilizations in mind.

Central Document No 22 is a correct policy decision made by the CPC Central Committee, the State Council, and the Central Military Commission on the building of the militia and reserve forces in the new period in light of the international and domestic situation and from an overall viewpoint. The basic gist of the document is to subordinate the building of the militia and reserve forces to the general interest of economic construction and to thoroughly strengthen the building of reserve forces. This is the basic guiding ideology for the militia and reserve service work at present and for a certain period of time to come. It reflects our country's national condition and indicates that, as is the case with Army building, a strategic change has been brought about in the guiding ideology for the country's building of reserve forces, a change from the state of combat readiness for fighting an early and big war to peaceful construction. Therefore, militia and reserve service activities must be carried out centering on economic construction, and the role of the militia in building the two civilizations must be fully exploited. This is the correct orientation which we must persistently adhere to.

Then how should we adhere to this correct orientation in our practical work?

First, it is necessary to make all-round arrangements for the militia and reserve service work, centering around economic construction. Over the last 6 months or more, during the execution of the reform in the militia and reserve service work, the province has conscientiously put an end to the previous phenomenon in which "the targets were too high and the activities a bit too excessive, and too much stress was laid on quick results." Consequently, the militia and reserve service work is in a better position to serve the general interest of economic construction. This move has won the support and positive response of leaders at various levels and the broad masses of people. Practice has proved that only when militia and reserve service activties are carried out strictly in line with economic construction can it have unrestrictedly broad prospects.

Second, it is essential to fully exploit the role of the militia as a mainstay in leading the building of the two civilizations. By subordinating militia and reserve service activities to the general interests of state economic construction, we mean mobilizing and organizing the broad masses of militiamen to contribute to the state's economic construction and Shanxi's economic take off. In the last few years, under the leadership of party committees and government and military departments at all levels, the broad masses of militiamen have taken the lead in implementing the party's get-rich policy and becoming better off through hard work and the use of science. Hence, there are now a considerable number of specialized households, households doing specialized jobs, and economic combines. They have also played a positive role in rushing to deal with emergencies and to provide disaster relief, maintaining public order, and in building civilized units. All this has fully indicated that the militia and reserve forces play a role not only in wartime but they are also an important force in building and safegrarding the four modernizations in the period of peaceful construction. Therefore, we must unremittingly carry out the work of organizing and mobilizing the militia to contribute to the building of the two civilizations as a long-term important task.

Here I want to stress that while organizing and mobiliziang the militia to carry out the building of material civilization, we should also pay attention to the building of spiritual civilization. Party committees and government and military departments at all levels should make every efforts to educate militiamen properly in the party's line, principles, and policies, ideals, and in the legal system along with educating all the people and training the vast numbers of militiamen to become people who have lofty ideals, moral integrity, education, and a sense of discipline so that they can contribute more in bringing about a change for the better in social conduct and successfully carrying out the building of spiritual civilization.

2. Adhere to a realistic spirit and creative work and carry out the militia and reserve service work in depth in the course of reform.

At present all trades and industries are moving forward with reform. Militia and reserve service activities should closely keep pace with the reform. We made some initial achievements in our militia and reserve service work in the preceding stage. They are the result of adhering to reform. Continued exploratory efforts are still needed in this regard.

Among other things, it is necessary to further foster the idea of reform and creative work. We must understand that only when we adhere to creative work while assuming legacies and forge ahead in the execution of reform can the glorious traditions of the militia be carried forward and can its status and role in the new period be raised. The situation requires us to overcome the mentality of "waiting for" and "relying on" others, to actively conduct reforms, to boldly explore, and to take our own road of reform in the light of actual conditions.

Next, we must have a clear picture of the direction of reform, stress practical results, and refrain from concentrating on flourishes. In my opinion, in reforming militia and reserve service work, two objectives must be attained. One is that the work must adapt itself to the new situation in the economic structural reform and the other is that it must adapt itself to the strategic change in the guiding ideology for the building of national defense reserve forces. To achieve the "two adaptations," it is necessary to make an overall plan and constant explorations and to proceed with the reform in an orderly way and step by step. The reform of the militia and reserve service work is a long-term, gigantic project being undertaken along with the reforms in the economic structure and other fields of endeavor. Therefore, we must foster the idea of uninterrupted reform. We must carry out reforms firmly where we are sure of success and constantly perfect and develop in practice what we have achieved in the reforms. For instance, with the introduction of contracted responsibilities on the household basis, with payment linked to output, some localities and units boldly sought and discovered some effective solutions on the basis of summing up experience to topics posed by the new methods of production and management to the militia and reserve service work, thus enabling the work to correspond to the methods of economic management at that time. However, with the development of the commodity economy, there are now specialized households, households doing specialized jobs, and economic combines in the rural areas. The form and contents of activities of the militia and reserve service in the early days of the introduction of the responsibility system failed to correspond to the changed situation and thus they called for further reforms. Things are always in a process of constant change. Therefore, our understanding of things should not be immutable. A reform cannot be completed at one go. As the economic structure develops, we should make constant and extensive explorations. Leaders at various levels should have this exploratory spirit and contribute to ensuring the sound reform of the militia and reserve service work and strengthening the building of national defense reserve forces in the new period.

3. Adhere to the system of division of work with individual responsibility under the leadership of the party committee and straighten things out in the relationship of dual leadership. In the first half of this year, the province conscientiously implemented the spirit of Central Document No 5 and satisfactorily fulfilled the task of turning over the People's Armed Forces department to local establishments. [paragraph continues]

After the reorganization of the People's Armed Forces department, a great deal of attention was given to the groundwork so that the department could adapt itself to the change as quick as possible, harmonize various relations, and put the work in various fields on the right track. However, since the People's Armed Forces department was just recently turned over to local establishments and the new structure is just in a process of being perfected, there are likely to be unexpected problems. Therefore, we should make continued efforts to perfect it by summing up experience continuously. In view of the new developments of the People's Armed Forces Department after it was turned over to local establishments, I would like to discuss two issues that merit attention.

First, it is imperative to adhere to the system of division of work with individual responsibility under the leadership of the party committee and to do a better job of the militia and reserve service work. With the reorganization of the People's Armed Forces Department, the leadership system has undergone changes. The local party committees and government's task of leading the militia work has become heavier and the responsibilities that they shoulder greater. All county (city or prefectural) party committees must proceed from their own conditions, share out the work properly, and have people put in charge of the work. Party committees and governments should genuinely treat the People's Armed Forces Department as an important department under their leadership. They should supervise, check, and study its work at regular intervals in accordance with the plan of the higher military department.

Second, to meet the needs of the changed relationship of subordination, the leading role of the provincial Military District and subdistricts should be fully exploited. After the People's Armed Forces Department was turned over to local establishments, the responsibility of the provincial Military District and subdistricts for the militia and reserve service work has not become any lighter. They should strengthen leadership and do the work in a careful and satisfactory way as before. They should never think that they can slacken their efforts now that the People's Armed Forces Department has been turned over to local establishments. Instead they should go ahead boldly with the work with sound leadership. The People's Armed Forces Department should continue regarding the provincial Military District and subdistricts as its leading organs in their vocational work and take the initiative in asking them for instructions, reporting their work to them, and receiving orders from them.

Exercising dual leadership over the People's Armed Forces Department is aimed at strengthening the militia and reserve service work. The People's Armed Forces departments of all countries should actively carry out their work, strengthen unity, and under the leadership of local party committees and higher military departments, work hard to create a new situation in their work.

JILIN LEADERS HEAR BRIEFINGS ON ANTIFLOOD FIGHT

SK150530 Changchun Jilin Provincial Service in Mandarin 2100 GMT 14 Aug 86

[Text] On the afternoon of 14 August, leading comrades of the provincial party committee and government heard briefings given by the provincial Military District on its experience in participating in the antiflood and rescue work, and thanked the commanders and fighters of the PLA units and the broad masses of militia for their contributions to the antiflood and rescue fight.

Since the beginning of the flood season, various units subordinate to the provincial military district have established close cooperation with the cadres and masses of various localities and have fought side by side with them. They appeared everywhere a dangerous situation emerged.

While (Zhao Zaikang), deputy commander of the provincial Military District, touched on the efforts of commanders and fighters to overcome numerous difficulties and to persist in the fight, leading comrades present on the occasion, including Gao Di, Gao Dezhan, Wang Zhongyu and Wang Jinshan, each praised in turn the lofty spirit of the PLA units, the rescue army forces, and the broad masses of militiamen.

Leading comrades of the provincial Military District expressed determination to continuously work hard, to go all out, and not stop until they win complete success in the anti-disaster fight.

Comrade Gao Di thanked the commanders and fighters of various units subordinate to the provincial Military District on behalf of the provincial party committee and government. He hoped that the soldiers and civilians would go forward hand in hand and win complete success in the anti-disaster fight.

Deputy Commander (Zhou Zaikang) presented donations, including clothing and other materials, to the masses in the disaster areas on behalf of the broad masses of commanders and fighters of the provincial Military District.

LIAONING PROVINCIAL LEADERS INSPECT POOR AREAS

OW141217 Beijing XINHUA Domestic Service in Chinese 0033 GMT 12 Aug 86

[By reporter Wang Fujie]

[Excerpts] Shenyang, 12 Aug (XINHUA) -- Liaoning provincial government and party leaders recently led a group of responsible officials from the departments of planning, finance, agriculture and forestry, sciences and technology, and education to Chaoyan and Fuxin Prefectures in western Liaoning to work on the spot. While there, they discussed measures to get rid of poverty and to enliven the economy of the areas vis-a-vis the grass-roots cadres in an effort to solve specific problems in those areas immediately. [passage omitted]

The State Council has declared Chaoyang City one of the 10 poorest areas of the nation. In the past, some of the cadres in this region were very impatient and proposed building some more large industrial projects to shake off poverty through the profits made from urban enterprises. At the on-the-spot work meeting, the provincial leading comrades pointed out: Within the boundaries of Chaoyang Prefecture, there are two mountain ranges and five river systems.

These mountains and rivers not only are abundant with natural resources, but also play an important role in protecting the ecological environment of the province. In addition, Chaoyang Prefecture also has favorable conditions for the development of animal husbandry and oil-bearing crops and abounds in mineral resources. Therefore, in order to develop its economy, Chaoyang Prefecture should proceed from actual conditions, should promote the good points and discard the bad, and should bring the role of its advantages into full play. In accordance with these guiding principles, all of the meeting participants discussed and mapped out the policies for the development of Chaoyang: Harnessing mountains and rivers, improving the ecological environment, accelerating the exploitation of resources in mountainous areas, developing animal husbandry in the area, and at the same time, enlivening urban and rural economy by vigorously promoting rural industries.

The on-the-spot work meeting also adopted similar measures to help some cadres of Fuxin City clear up the misconception that "it is bad luck to develop the coal industry." The measures required that Fuxin City proceed from the needs of the national economy and continue to maintain its characteristic as a city of coal-generated power. While serving as an energy base, Fuxin City should also get rid of poverty by solving the problems of a single production pattern, upgrading the newly developing industries. [passage omitted]

The on-the-spot work meeting also stipulated some policies to facilitate a change in the outlook of these poor areas. These policies included the following:

A provincial foundation is to be established to help poor areas tap natural resources in the areas; current provincial agriculture-supporting turnover funds are to be circulated mainly in counties and townships of poor areas; banks should grant more loans for development to poor areas than to other areas; the provincial financial department is to subsidize counties of poor areas with greater expenditures than income on a regular basis; poor counties and cities such as Chaoyang and Fuxin are to carry out the financial subsidy contract system — in the first three years, the provincial government will not share the profits attained but allowed the local governments to keep them as developing funds for the areas.

The meeting has also adopted the following measures:

In order to encourage the rural labor force of poor areas to work in other localities, the contracted farmland assigned to those who work outside their areas will not be reclaimed; instead, they can be tilled by the families, relatives, or by subcontractors. In order to encourage joint ventures of developed areas and impoverished areas, those enterprises jointly run with Chaoyang, Fuxin, and other poor areas will be considered as enterprises to help shake off poverty, so that their energy and transport costs will fall to the local governments and they will not have to pay either business or income tax for five years.

SHENYANG MILITARY REGION HOLDS ARMY DAY MEETING

SK130753 Shenyang LIAONING RIBAO in Chinese 1 Aug 86 p 1

[Text] On the afternoon of 31 July, the Shenyang Military Region held a report meeting on the current situation at Shenyang's Army Club to mark the 59th anniversary of the founding of the PLA. Retired veteran Army cadres living in Shenyang, and cadres at and above regimental level of the organs stationed in Shenyang, totaling more than 1,300, attended the meeting.

Commander Liu Jingsong, Political Commissar Liu Zhenhua, and other leaders of the Military Region and its headquarters, and political and logistic departments stationed in Shenyang also attended. On behalf of the Military Region, Commander Liu Jingsong extended festive greetings and warm regards to retired the veteran cadres, and all the comrades of the organs of the Military Region, and then talked about the major events which occurred in the world in the first half of this year in sequence. His speech enabled the participants to better understand our country's foreign policies, further clarify the importance and necessity of Army building in the peaceful construction period, and be determined to make new contributions to strengthening Army building.

PLA COMMANDER ON ARMY ROLE IN CONSTRUCTION

HK120532 Beijing RENMIN RIBAO in Chinese 4 Aug 86 p 4

[Article by Zhao Xianshun, commander of Lanzhou Military Region: "Rendering Service on the Development and Construction in the Great Northwest" — capitalized passages published in boldface]

[Text] The development and reinvigoration of the great northwest has occupied a special position, and played a significant role in the socialist modernization of the whole country. Working together with the people of various nationalities in the northwest, Army units stationed there are creating conditions and making preparations for the large-scale development and construction in the great northwest. This is a glorious mission entrusted to us by history. How should the Army render effective service to the development and construction in the northwest? I would like to express my personal views on this subject:

1. TURNING FRAGMENTARY AND SCATTERED SUPPORT INTO LONG-TERM AND STRATEGIC SUPPORT.

It is a glorious tradition of the People's Army to support local construction. During the war years, wherever they went, our troops worked to help the people. Since liberation, they have taken an active part in socialist construction, and made their proper contribution. However, in the past, the support rendered by our troops to local construction was basically limited to "places where they were stationed." Under the new historical conditions, the Army should make contributions to the development and construction in the great northwest. They should turn their fragmentary and scattered support into a long-term and strategic support.

Such a change conforms with the strategic needs of the development in the northwest. The economic and strategic task of the state for the development and construction in the great northwest should be accomplished in a planned way and step by step. This has demanded that the Army proceed from the overall strategic situation, work out a long-term plan for supporting local construction, and define different key projects during different periods.

Such a change conforms with the characteristics and requirements of the economic development in different provinces (regions). The five provinces and regions of Shaanxi, Gansu, Ningxia, Qinghai and Xinjiang each have their own strong points and characteristics. Their strategy for development, measures taken, key projects selected and so on are bound to be different. While supporting local construction, the troops should proceed from the actual conditions of the provinces and regions concerned to determine the key items and projects which they intend to support. They should devote their limited manpower and material resources at the critical time and to the critical projects. Only thus will their support play a forceful and promotional role in the local economic construction.

Such a change conforms with the strategic transformation of the guiding thought for national defense construction. Today, we have carried out strategic transformation of the guiding thought for national defense construction, and the work of our troops has embarked on the path of peaceful construction. Under such circumstances, supporting local construction is no longer an activity of supporting the Army and cherishing the people in general. [paragraph continues]

It is an important construction task of the Army during peacetime. In other words, we should comprehensively consider the building of the Army itself and its support for local economic construction in terms of the guiding thought for Army work, arrangements, assignments of tasks, the use of Armed Forces, and so on. While working out a long-term plan, we should have short-term objectives. While determining the key projects to be supported, we should define the tasks of various units.

2. THE METHOD OF RENDERING SUPPORT FROM SEPARATE COMPANIES AND BATTALIONS SHOULD BE CHANGED INTO A METHOD OF RENDERING GREATER SUPPORT FROM ORGANIZATIONAL DIVISIONS AND REGIMENTS.

There are at least two advantages which can be derived from the method of rendering greater support from organizational divisions and regiments:

Just like economic construction throughout the country, the development and construction in the great northwest should follow the path of "promoting work in all areas by drawing upon experience gained from key projects." To give effective support to the construction in the northwest, the Army should selectively take part in some key construction projects. Key projects are frequently characterized by great investment, long time limit, difficult construction, arduous tasks, and so on. Generally speaking, it is impossible for units below regiment level to undertake the task. However, if the projects are carried out by organizational divisions and regiments, they can concentrate their strongest soldiers and capable officers on projects to build up the momentum of large formation warfare in terms of manpower. If all these are combined with financial and material resources invested by local authorities in the key projects, they will become an invincible assault force.

The method is beneficial to enhancing the results of the support. A few years ago, when Army units in our region supported local economic construction, they spent more than one million working days on the projects concerned. But they still could not do very much outstanding work. After employing the method of rendering greater support by organic divisions and regiments, the main efforts can be concentrated on influential key projects to ensure their completion one after another. In so doing, we will avoid wasting manpower and the problem of poor results, and enhance economic results of the support rendered by Army units.

3. TURNING PURE ECONOMIC SUPPORT INTO SUPPORT WHICH IS LINKED WITH IDEOLOGICAL AND CULTURAL BUILDING

Upholding the principle of simultaneously grasping the building of material and spiritual civilization is a strategic guiding principle repeatedly stressed by the CPC Central Committee. The great northwest is going to take off. The building of material civilization, which is marked by economic construction, is only one wing. The building of spiritual civilization with ideological and cultural building as its main contents is another wing. It is impossible to clap with one hand. It is also impossible to fly with one wing. To support the development in the northwest, the Army should adopt a guiding principle of integrating economic construction with ideological and cultural building so that the building of the two civilizations will take off wing to wing.

According to the practical reality of the development and construction in the northwest, while supporting local ideological and cultural building, the Army may support local scientific and cultural undertakings because educational activities in the northwest are progressing very slowly, and the cultural and educational level of the masses is comparatively low. [paragraph continues]

Considering the practical conditions, with many minority nationalities in the northwest, the Army may give publicity to the party policy for nationalities and do well in promoting unity among various nationalities. The Army may also help the masses change prevailing habits and customs, and establish a new, healthy and civilized way of life.

4. TURNING THE SUPPORT CONFINED TO LOCAL CONSTRUCTION INTO SUPPORT WHICH IS LINKED WITH THE BUILDING OF THE ARMY UNITS AND NATIONAL DEFENSE CONSTRUCTION.

The key function of the Army is to fight the war, and safeguard the security and the four modernizations program of the motherland. Even during peacetime, the Army should not slack off in its own building. Therefore, we should unify the support for local economic construction with the efforts to strengthen the building of the Army itself. Under the present conditions in which our troops have been streamlined and re-organised, our personnel have been reduced, and our financial resources are limited, we should fully make use of some useful conditions occurring in the support for local construction, and do well in war preparations in order to constantly enhance combat effectiveness of our troops. One simple and effective way is that we should do our best to select economic construction projects which can be linked with the education, training, war preparations and other work of our troops. For example, these projects may include the projects of helping local people promote afforestation, developing transportation, investigating resources, surveying all-weather geography, and so on. By selecting these projects, we will be able to achieve the dual purposes of supporting local construction, and strengthening the building of the Army units themselves.

In a word, the Army supporting development in the great northwest has opened up a new way for promoting national defense construction. While supporting local economic construction, army units stationed in the northwest should strengthen their own building, and constantly enhance their modernization level and combat effectiveness in accordance with the requirements of modern warfare. They should make new contributions to safeguarding the security of the motherland and socialist construction, and promoting the sacred cause of defending world peace, which are worthy of our great era.

LIAOWANG VIEWS TAIWAN-U.S. TRADE RELATIONS

HK141541 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No. 32, 11 Aug 86 pp 21-22

[Article by Song Jichao: "Taiwan-U.S. Bilateral Trade Relations Have Become Increasingly Strained"]

[Text] Faced with an ever-increasing foreign trade deficit, the U.S. Congress is ready for a showdown. Since the beginning of last year, it has introduced over 300 trade protection bills, with the spearhead aimed directly at the major U.S. trade rivals. Fifty-two such bills are related to Taiwan. According to information from Capitol Hill, Taiwan is listed as a trade partner whose product competitiveness threatens Americans' employment opportunities, second only to Japan.

Hard-pressed by U.S. trade protectionism, Taiwan's economic officials, academics, and businessmen find it difficult to hold their own. This is because any possible steps taken by the United States, whether they are protective measures or retaliatory actions, will affect Taiwan's economy.

Taiwan's Enormous Trade Surplus With the United States.

Since the beginning of this year, in an attempt to adjust their increasingly strained trade relations, Taiwan ad the United States have held frequent bilateral talks, the influence of which is drawing widespread attention from various quarters. According to analyses by some Taiwan economists, the strained bilateral relations are chiefly caused by two factors: First, Taiwan's trade surplus with the United States has been continuously increasing for the past 15 years, reaching as much as $10 billiion a year. Such an enormous trade in balance is hardly tolerable even for a very rich country. Second, Taiwan relies too much on the U.S. market. The United States is Taiwan's largest export market. Some 50 percent of Taiwan's products are exported to the United States. In spite of this, the Taiwan side has built high trade barriers, making it difficult for American products and labor services to enter Taiwan's market.

Taiwan lays so much stress on trade with the United States that one person puts it this way: "As soon as the United States sneezes, Taiwan catches a cold." This shows that U.S. protectionism will have a serious impact on Taiwan's economy. The United States regards the high trade barriers built by Taiwan as an "unfair trade move" and calls for their removal. Otherwise, it will take retaliatory actions. Taiwan's trade with the United States is facing a grim period.

Taiwan's trade surplus with the United States, which first occurred in 1968, then amounted to only $390,000. Over the past 15 years, however, the surplus has been continuously increasing. It was $450 million in 1971 and increased to $720 million in 1973. After dropping slightly for the next 2 years, it rose again in 1976, progressively increasing at a great margin year after year. In 1983, Taiwan's trade surplus with the United States drastically increased to $6.88 billion and, in 1985, it topped $10 million.

An official of Taiwan's "Economic Construction Committee" recently announced that in the first half of this year, Taiwan's trade surplus with the United States reached $6.15 billion, breaking all previous records. Due to the lack of investments on the part of Taiwan's public-run enterprises, the purchase of mechanical equipment from the United States has been at a standstill for the past few years. [paragraph continues]

That is why Taiwan's exports to the United States have drastically increased while its imports from the United States have shrunk. Moreover, Taiwan has not made any plans for large-scale construction projects. Therefore, its trade surplus with the United States will continue to increase in the future and is expected to top $12 billion by the end of this year.

The U.S. total trade deficits amount to more than $100 billion, and Taiwan's trade surplus with the United States accounts for only 10 percent. However, this figure has become the pretext under which the U.S. protectionists take retaliatory actions. In recent years in particular the U.S. economy has slowed down and the unemployment rate has risen. American industrial and commercial circles can easily shift the responsibility for these ills onto the U.S. preferential tariff system and its beneficiaries. It is generally held that Taiwan is the greatest beneficiary of the U.S. preferential tariff system because a quarter of the duty-free goods entering the U.S. market come from Taiwan.

The United States Calls For Bilateral Fair Trade

Posing as the patron saint of free trade, President Reagan has consistently promised to stick to the principle of "not signing any protectionist bills." However, under the pressure of growing protectionism in the country, he repeatedly indicated that it is necessary to conscientiously deal with the "unfair trade practices" of its trade rivals.

According to some relevant reports, the United States holds that Taiwan's unfair trade practices are chiefly manifested in the following ways:

— Excessively high import tariffs: At present, Taiwan's average actual tariff rate (the ratio of the actual tariff income to the total import value) is 7.7 percent. That is to say, a tariff $7.70 should be paid for every $100 worth of goods imported to Taiwan. This is not only much higher than the United States, Japan, and other industrially developed countries, but also higher than the others among the "four little dragons" in Asia, namely, South Korea, Singapore, and Hong Kong. The U.S. side has thus drawn a conclusion that the high tariff barriers are a major reason for the trade imbalance between the United States Taiwan. However, the Taiwan side has warned the United States that even if Taiwan would dismantle all the tariff barriers, it is very probably Japan, and not the United States, that will benefit from them.

— Excessive controls over imports: In addition to high tariff barriers, Taiwan has also put up more serious trade obstacles through import controls. Moreover, numerous additional restrictions have been placed on importable goods, such as restrictions on applications and on the areas where the goods are purchased. Therefore, few catergories of goods can be freely and unconditonally imported to Taiwan.

— Unchecked counterfeit merchandise: According to the statistics released by U.S. Customs, of the imitations found in the United States 3 years ago, 56.1 percent came from Taiwan. This has not only earned for Taiwan the ill name "the imitation kingdom" but also enabled the United States to more forcefully ask Taiwan to resolve this problem at an early date. In the past year or two, the situations regarding imitations has improved to some extent, but there has been no end to the trade disputes between Taiwan and the United States in this regard.

— Insufficiently open markets for industries and technology to foreign investors, particularly for the service trades such as banking, insurance, and the advertising industry, which are flourishing in the United States.

The above-mentioned issues have become hot topics in the Taiwan-U.S. bilateral trade talks. However, Taiwan holds that the U.S. charges of unfair trade are unjust because the United States has also place some trade restrictions on Taiwan.

In an attempt to adjust their delicate relationship, Taiwan and the United States held a series of trade talks in June and July this year.

From 16 to 18 June, both parties consulted in Taipei on the preferential tariff issue. During the talks, the U.S. side put forward a whole set of plans aimed at balancing U.S. - Taiwan trade. They appeared to discuss the questions of Taiwan continuously enjoying U.S. preferential tariffs in the future and opening its market to American cigarettes and wine. But in truth, using the 1984 new trade law as a threat and the preferential tariff measures as bait, the U.S. side forced Taiwan to substantially reduce its import tariffs (by 50 percent on the average), to relax controls over imports, and to ease restrictions on industries for foreign investors.

On 26 June, the Taiwan and U.S. trade delegates again held talks in Taipei to discuss the "overseas sales ratio" of cars manufactured in Taiwan with foreign capital. It is reported that Taiwan decided in March 1986 to cooperate with Japan's "Toyota" company in manufacturing the Toyota 1,600 cc car series. Both parties also agreed on the overseas sales ration. A total of 10,000 cars will be manufactured in 1988, which will not be sold overseas; when the annual output reaches 38,000 in 1991, some 4,500 of them may be sold overseas, chiefly to Southeast Asia and Saudi Arabia.

The main topic of the talks was whether or not the overseas sales ratio of Taiwan cars violated the new U.S. trade law. During the talks, Taiwan's delegates explained in detail the background of and reasons for the overseas sales ratio, saying that the quantities were small and that the U.S. market was not listed as an objective. The U.S. delegates stressed, however, that such a practice has created a precedent and that if many other countries follow suit, it will create problems for American transnational enterprises and even dampen American businessmen's initiative in investing abroad. Therefore, the U.S. side insisted that Taiwan cancel the overseas sales ratio.

Meanwhile, Taiwan and the United States have held three rounds of talks on textile quotas. After hard bargaining, a new agreement was reached in mid-July.

According to the new agreement, in addition to the previously restricted items such as cotton and woolen fabrics and man-made fiber products, the United States also placed new restrictions on silk and linen fabrics. On the basis of the previous year's total quantity up to May 1986, the textile quotas will first be reduced by 7 percent and then progressively increased by 0.5 percent annually for the next 3 years. Compared with an average annual increase of 15 percent since 1981, the growth rate has dropped considerably. It is estimated that the new agreement will reduce Taiwan's export textile business with the United States by at least $500 million for the next 3 years.

People in Taiwan's industrial and commercial circles cry out in alarm: Taiwan's textiles are now beset with difficulties in the United States, its biggest export market, and probably the good days of the other exports products are also numbered.

COMMENTARY SPECULATES ON ARKHIPOV'S PRC VISIT

OW141455 Taipei CNA in English 1440 GMT 14 Aug 86

[Text] Taipei, Aug. 14 (CNA) — The following is a commentary by the Broadcasting Coroporation of China (BCC) in Taipei entitled "Arkhipov's 'Private Visit'".

Soviet sources in Peking revealed last Friday that Soviet First Deputy Premier Ivan Arkhipov was in Mainland China for a private visit. Neither Moscow nor Peking has confirmed the report. The Soviet sources even declined to say when Arkhipov arrived or the purpose of his visit, although unconfirmed reports said he was receiving acupuncture treatment. Maybe Arkhipov's latest visit to the Chinese mainland was private in nature. At 78, he could need some acupuncture treatment. But the timing of Arkhipov's arrival in Mainland China and the role he has played before cast strong doubts about the nature of his latest journey to Peking.

Arkhipov is one of the few in the Soviet ruling circle that have maintained close relationship with the Chinese Communist regime. Back in the 1950's when the two communist neighbors were at the height of their honeymoon he was the person in charge of Soviet Assistance to Red China. At that vantage point he established personal bonds with some of the leading personalities in Peking, including Chen Yun. Because of such historical ties, Arkhipov became the highest Soviet official to visit Mainland China when he journeyed to Peking in December 1984 shortly after the ascendancy of Mikhail Gorbachev. Arkhipov did not fail his mission. He not only succeeded in re-establishing his personal ties in Peking but also boosted the offical relations between the two former allies.

In the 20 months since then Moscow and Peking have stepped up their economic, trade and technical exchanges as a result of an agreement Arkhipov reached with the Chinese Communist authorities during his 1984 visit. Last March Arkhipov traveled to Peking again in the wake of the 27th Supreme Soviet to attend the first joint meeting of the "Committee for the Promotion of Sino-Soviet Economic Trade, Science and Technical Cooperation." Moscow has repeatedly signaled to Peking its hope for closer relations. The offering of olive branches from the Soviet cultiminated in the recent Gorbachev proposal to reduce troop deployment among their common border and his offer to pull back a substantial portion of Soviet troops in Outer Mongolia. While Red China has yet refrained from making an official response, the Chinese Communist leadership has shown unmistakable signs that it is intensely interested in Gorbachev's proposal.

It was against such a background that reports of Arkhipov's unannounced trip to Red China surfaced. It could not be just a coincidence. Right after the report of Arkhipov's "private" visit to Peking, Red China announced that it has signed a consular agreement with Outer Mongolia. This shows that Peking is already taking steps to mend its political fences with the Soviet even before an offical response to Gorbachev's proposal is made. Who can believe that Arkhipov's visit was entirely private under such circumstances?

TA KUNG PAO STRESSES CAMBODIA IN PRC-USSR TIES

HK150510 Hong Kong TA KUNG PAO in Chinese 14 Aug 86 p 2

[Editorial: "We Hope for Early Normalization of Sino-Soviet Relations"]

[Text] CPSU General Secretary Gorbachev spoke on improving Sino-Soviet relations in his speech in Vladivostok on 28 July. After 2 weeks of serious study, the Chinese side made its official response yesterday, when State Counsellor and Foreign Minister Wu Xueqian met Soviet Charge Fedotov and expounded on China's attitude, to be relayed to the Soviet Government.

China sincerely hopes for the early normalization of relations with the Soviet Union. China's peaceful foreign policy of acting independently and keeping the initiative in its own hands includes seeking a tangible improvement of relations with the Soviet Union in the course of eliminating the three big obstacles. As everybody knows, these three big obstacles are Soviet support for Vietnamese aggression against Cambodia, the Soviet invasion of Afghanistan, and the stationing of powerful Soviet forces on the Sino-Soviet border.

In his Vladivostok speech, Gorbachev announced that the Soviet Union would withdraw in stages from Afghanistan, pulling out six regiments before the end of this year. He also said he is now discussing with Mongolia the withdrawal of a substantial part of the Soviet forces stationed in that country.

Gorbachev revealed something new in his speech. However, the Soviet Union has 100,000 troops in Afghanistan, and Gorbachev announced the withdrawal of only 6,000; the Soviet Union has 1 million troops stationed on the border with China, and Gorbachev only mentioned withdrawing part of the forces stationed in Mongolia. He said nothing at all about Vietnamese withdrawal from Cambodia.

Wu Xueqian made China's response known yesterday. He viewed as important and welcomed Gorbachev's remarks on improving relations with China, but stressed that these remarks were still a long way from eliminating the three big obstacles, and in particular Gorbachev avoided mentioning the question of Vietnamese withdrawal from Cambodia; China was not satisfied with this.

Wu Xueqian went on to explain that a fair and just settlement of the Cambodian problem is the matter of greatest concern to China, and that Vietnam must withdraw its forces from that country. It is very plain that it will be very difficult to truly bring about normalization of Sino-Soviet relations if mention of Vietnamese withdrawal from Cambodia is avoided and only the other two of the three big obstacles are mentioned.

Speaking on the Cambodian question at a press briefing on 6 August, Soviet Deputy Foreign Minister Kapitsa said that "everything that has happened there is irreversible." He also asked the journalists to take note of Gorbachev's Vladivostok remarks concerning his concern for the restoration of comradely dialogue between China and Vietnam. These supplementary comments of Kapitsa are also unsatisfactory. China has repeatedly stated in the past few years that so long as Vietnam withdraws from Cambodia and allows Cambodian affairs to be handled by the Cambodians themselves, China and Vietnam can restore their traditional friendly relations. Unfortunately, Vietnam still shows no sincerity in this respect. It is a waste of time to call for "comradely dialogue" between China and Vietnam without also calling for Vietnamese withdrawal from Cambodia.

An Asian "hot spot" has been created by Vietnam's invasion and occupation of Cambodia, using 180,000 soldiers. This affair has a direct bearing on the Chinese people's vital security, and the Chinese Government will absolutely not ignore it. In March this year, the Coalition Government of Democratic Kampuchea [CGDK] put forward an 8-point peace proposal for settling the Cambodian problem, by which Vietnam would withdraw its forces in two stages and a 4-party coalition government would be formed, including the Heng Samrin regime. This is fair and reasonable. Yesterday, the CGDK held a cabinet meeting on territory under its control; the meeting issued a communique again appealing to the Vietnamese leadership to sit down to negotiate and consider the 8-point proposal. Vietnam's party and government leader Truong Chinh is currently in Moscow, and met Gorbachev on 12 August. The two reiterated Soviet and Vietnamese desires to normalize relations with China. If this is really the case, then practical action should be taken to settle the Cambodian problem.

In his Vladivostok speech, Gorbachev said that he would be willing to hold a dialogue with China at any time and at any level. In fact, China and the Soviet Union have already had a dialogue at a certain level. The problem lies in earnestly seeking substantive progress. Wu Xueqian showed initiative for dialogue when he met the Soviet diplomat. We now have to wait for the Soviet Union to seriously consider China's views.